



Can the City learn to love Labour?

Or will six decades of prejudice and mistrust wreck the chance of a rapprochement? David Kynaston examines the record. Page I



Dying to see Naples

The market (left) is beautiful, but hang on to your wallet, advises Nigel Spivey. Part of an eight-page travel special. Section III

Picking a portfolio

How investors can profit from company directors' special knowledge. Page III

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Weekend October 19/October 20 1991

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World News

Business Summary

Eight Soviet republics sign economic union treaty

Leaders of eight of the 12 Soviet republics yesterday signed a treaty for economic union which sets fragile foundations for a common market and co-ordinated financial stabilisation measures. The agreement was signed by the Ukraine, the second richest republic. Page 2; Peace jigsaw, Page 2

SA aid mission

Commonwealth leaders are expected to send a fact-finding mission to South Africa to assess ways in which the organisation can assist the development of a post-apartheid society. Page 3

Haughey saved

The Irish government narrowly avoided being toppled after the two coalition partners, the Progressive Democrats and prime minister Charles Haughey's Fianna Fail party, reached an eleventh-hour agreement on tax reform and then voted together in a crucial vote in parliament. Page 2

Rebels kill three

Rebel Afghan guerrillas killed three civilians and wounded seven in a rocket attack on the eastern town of Mazar-i-Sharif, capital of Laghman province, yesterday. Government forces killed 15 rebels and wounded 22 in a counter-attack, the radio added.

Oil worker dies

One oil worker died and nearly 200 others were afflicted to safety during fierce storms in the North Sea. Activity was halted on drilling rigs after high winds caused one floating rig to break anchor. Tankers were unable to load in the storms, but oil output from the North Sea's main fixed platforms was unaffected.

Embargo to be lifted

The US plans to lift its 16-year embargo on trade with Cambodia as soon as the UN-sponsored plan to bring peace to the war-torn country is signed in Paris next week. Page 2

Key support for Gates

Robert Gates, President George Bush's nominee to head the Central Intelligence Agency, won strong endorsement from a key Senate committee. The select committee on intelligence voted 11 to 4 in favour of the appointment, with four Democrats joining the Republican minority on Mr Gates's side. Page 2

Neutrality may end

Sweden's defence minister, Anders Björck, said the government intends to relax neutrality. The Scandinavian state last went to war in the early 19th century.

Poles back treaty

The Polish parliament voted overwhelmingly to ratify two treaties with Germany in a step towards full reconciliation between the two countries after decades of distrust.

Third suicide

A senior Communist party official has committed suicide - the third to do so since the failed August coup against President Mikhail Gorbachev. Dmitry Lisovskiy, 54, a former official of the international department of the party's Central Committee, jumped from the balcony of his 12th-floor apartment. Tass news agency said.

Demands in Japan for discount rate reduction

Demands for a cut in Japan's official discount rate grew yesterday as Kiichi Miyazawa, who is expected to become prime minister next month, called on the Bank of Japan to make a "prompt" decision in order to revive a flagging economy.

Japanese stock and bond prices rose sharply in expectation of an interest rate cut, as rumours swept the trading floor that the central bank could make an announcement today or next week. Page 3

UK economy: Doubts about the pace at which the British economy is likely to recover from the recession were reinforced by figures showing weak growth in the amount of money in the economy. Page 22; Signs of upturn, Page 4

REWELETT-PACKARD, US computer manufacturer, will take a charge of 40 cents a share in the current quarter to cover costs of a voluntary severance programme under which nearly 3,000 people have left the company. Page 10

JAPAN'S Fair Trade Commission launched an investigation into alleged breaches of anti-monopoly laws by the country's largest broking houses - Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities - in their compensation of favoured clients for investment losses. Page 3

GENERAL Dynamics, second largest US defence group, reported third quarter earnings of \$64m from continuing operations, up \$4m from the same period of 1990. Page 10

CABLE AND WIRELESS, UK-based international telecommunications group, is holding talks about acquiring a 19.5 per cent stake in US Sprint, the country's third largest long distance telecommunications company. The stake is expected to be sold for over \$500m. Page 8

CHRISTIANIA Bank, Norway's second biggest bank, warned that it needs between Nkr5bn and Nkr6bn (\$900m) in new core capital to meet the 8 per cent capital adequacy required by Norwegian law in 1992. Page 10

HILLSDOWN Holdings: The UK food group's £280m (\$422m) rights offering received a thumbs down from investors, with fewer than half exercising their rights to buy shares. Page 22; Lex, Page 22

APPLE Computer, US personal computer manufacturer, saw sales pick up strongly in the fourth quarter, just ended, but profits lagged as it pursued its strategy of winning market share by lowering prices. Page 10

ALCAN of Canada threw a lifeline to beleaguered aluminium producers when it announced a cut in its annual production by 143,500 tonnes from next month. Commodities, Page 13

NOBEL Industries, Swedish chemicals and defence group, reported a SKr1.5bn (\$242m) loss in earnings after extraordinary items for the first eight months of 1991, following the crash of its finance subsidiary Gamblestad. Page 10

PROCTER & Gamble, US partner in a nappies joint venture with Italian group Finat, has been asked to change the agreement it signed more than a year ago. The European Commission has found it would restrict competition. Page 10

MARKETS

STERLING

New York lunchtime: \$1.7255

London: \$1.725 (1.7105)

DM12.9125 (same)

FF9.8225 (9.825)

SFR2.545 (same)

Y223.75 (222.0)

£ index 90.4 (90.3)

GOLD

New York: Comex Dec \$384.4 (382.3)

London: \$380 (385.5)

W SEA OIL (Argus)

Brent 15-day Dec \$22.55 (22.55)

Chief price changes yesterday: Page 22

DOLLAR

New York lunchtime: DM1.888

FF6.75

SFR1.4745

Y129.73

London: DM1.8885 (1.7035)

FF5.7575 (5.8025)

SFR1.4735 (1.4855)

Y129.75 (129.5)

£ index 90.4 (90.3)

US LUNCHTIME

RATES

Fed Funds 5 1/8 %

3-mo Treasury Bill: yield: 5.169 %

Long Bond: yield: 7.95 %

STOCK INDICES

FT-SE 100:

2,601.1 (+12.4)

FT Ordinary:

1,986.5 (+8.7)

FT-A All-Share:

1,252.83 (+0.4 %)

New York lunchtime:

DJ Ind. Av.

3,087.98 (+14.98)

S&P Comp

322.29 (+0.37)

Tokyo Nikkei

24,894.82 (+454.97)

LONDON MONEY

3-month interbank: closing 10 1/2 % (same)

Life long gilt futures: 94 1/2 (same)

Bush and Gorbachev to host Madrid conference on October 30
Mid-East peace talks set

By Hugh Carnegie in Jerusalem

THE US and the Soviet Union yesterday invited Israel, its Arab neighbours and the Palestinians to a peace conference in Madrid on October 30 hosted by presidents George Bush and Mikhail Gorbachev.

Mr James Baker, the US secretary of state, said it offered the hope of a new era of co-operation in the Middle East.

Mr Baker, ending a dramatic day of diplomacy in Jerusalem by addressing a press conference with Mr Boris Pankin, his Soviet counterpart, said no replies had been received. But it was clear he was confident to achieve an historic breakthrough in the Arab-Israeli dispute was about to bear fruit.

The announcement by the two men followed separate talks with both Israeli and Palestinian leaders. Mr Yitzhak Shamir, the Israeli prime minister, was clearly still unhappy about some of the US positions, notably the refusal of Mr Baker to give him a list of Palestinian delegates for prior Israeli veto.

But Mr Shamir said he would nevertheless recommend to his right-wing coalition government that it accept the invitation because, he said, "I can see no better alternative." His recommendation should ensure coalition agreement, possibly at its weekly meeting tomorrow.

Mr Shamir's assent followed an acceptance early yesterday by the Palestine Liberation Organisation central council meeting in Tunis that a Palestinian delegation from the occupied West Bank and Gaza Strip should participate in a joint Jordanian-Palestinian delegation to the conference.

Syria, Jordan, Lebanon and Egypt had already agreed to attend. The Gulf and Maghreb states have also agreed to send joint representatives.

Mr Baker said the ceremonial opening conference would be followed four days later by the start of substantive bilateral negotiations "designed to achieve real peace". Multilateral talks on regional issues such as water resources, the environment and arms control would start in mid-November.

Mr Baker is due to visit Madrid today to discuss arrangements for the conference with Mr Felipe Gonzalez, the Spanish prime minister, before returning to Washington.



Rapprochement: Foreign Ministers David Levy (right) of Israel and Soviet Boris Pankin renew diplomatic relations

Mr Pankin called the talks "a very important turning point for the entire situation in the Middle East".

Shortly beforehand, he had fulfilled a key Israeli condition for its acceptance of the conference by restoring full diplomatic relations with Israel in a ceremony with Mr David Levy, the Israeli foreign minister.

Moscow had severed ties 24 years ago during the Arab-Israeli Six Day War. The war resulted in the Israeli occupation of Arab lands which the Arab side wants the peace talks to reverse.

In Washington, the White House said President Bush would attend the opening ceremony with President Gorbachev. Continued on Page 22

Background, Page 2
Talks are not cheap, Page 6

Background, Page 2
Talks are not cheap, Page 6

Background, Page 2
Talks are not cheap, Page 6

Backing for EC plan isolates Serbia

By David Buchan in The Hague and Laura Silber in Belgrade

SERBIA was yesterday isolated as five of the six Yugoslav republics gave initial approval to a European Community plan to turn the disintegrating federation into a loose association of independent republics.

The EC proposals, drawn up by the Dutch EC presidency and Lord Carrington, chairman of the peace conference, were given extra leverage when the US and the Soviet Union joined the EC in calling for peace and threatening to match any EC sanctions if the civil war continued.

Lord Carrington said yesterday's discussion of the EC plan at a plenary session of the conference in The Hague marked "a cautious step forward".

President Slobodan Milosevic of Serbia objected that the plan would effectively legalise the break-up of Yugoslavia. But he described its provision for the protection of minority Serbs in Croatia as "very positive".

Lord Carrington said Mr Milosevic's objections should not be interpreted as a block to the plan. Montenegro, traditionally Serbia's ally, gave the plan its broad endorsement, along with the four other republics.

Mr Milosevic's reservations "were to some extent legal, while the (EC) paper addresses itself to the facts on the ground," he added. Continued on Page 22

Background, Page 2

Britain irritated by EC move on construction projects

BRITAIN reacted with thinly-disguised anger yesterday to a European Commission request that it should halt seven construction projects pending environmental studies, write Ralph Atkins and Andrew Taylor in London and Andrew Hill in Brussels.

Mr John Major, the UK prime minister, was understood to be highly irritated by the letter from Mr Carlo Ripa di Meana, EC environment commissioner, and called for a full report. Mr Malcolm Rif-

kind, transport secretary, accused Mr Ripa di Meana of acting foolishly and unfairly.

The UK government, however, appeared unwilling to widen the confrontation, probably because it is conscious of the sensitivity of negotiations over European economic, monetary and political union.

"Occasionally silly mistakes are made. We believe that's all that's happened on this occasion," Mr Rifkind said.

Britain is not alone in allegedly infringing the EC environmental impact assessment

directive, which was approved by member states in 1985 and became national law in all 12 countries by July 1988.

Since then only Greece and Denmark have not been accused of breaching the directive, although complaints against Greece are now being examined in Brussels. No member state has yet been taken to the European Court of Justice.

A Commission official said yesterday that Britain was not an exceptional case. Similar complaints about motorway and road improvement schemes have been levelled at Spain, Portugal and the Netherlands, for example.

But it is unusual for Mr Ripa di Meana, to write a personal letter to a government minister asking for work to be suspended.

The Environment Department, which oversees planning applications in the UK, said that more than half the schemes at the centre of the

controversy had been submitted before July 1988, when UK legislation enshrining the EC environment directive came into force.

All the projects had conformed to strict UK planning procedures, including an assessment of their impact upon the local environment equivalent to the standards required under the EC directive, officials said.

Mr Rifkind said the UK had informed the commission three years ago how it intended to

implement the environmental impact directive. "The commission did not then raise any objections. We are puzzled as to what has changed."

Mr Norman Tebbit, a Conservative sceptical about Britain's role in the EC, said it was "a terrible warning of the nature of the government we would have to endure if we were to find ourselves staggering into economic and monetary and political union."

Background, Page 4

Spanish sherry strike may mean a dry white season

By Peter Bruce in Madrid

A STRIKE by sherry workers around the Andalusian town of Jerez, which is already threatening Christmas sherry stocks in Britain and the US, may be entering its most dangerous phase with pledges from the eccentric mayor of Jerez and the socialist government of Andalusia to intervene.

"It's the worst thing that could happen," hissed the owner of one bodega (sherry producer) in Puerto Santa Maria yesterday. "The politicians will draw the thing out and they will inevitably take the sides of the strikers."

The two-week long strike has brought sherry production in the Jerez-Puerto Santa Maria-Sanlucar triangle to a virtual halt.

About 3,500 workers in all 60 of the region's bodegas have been striking in protest at a decision by the producers to pull out of a pension scheme.

Only half this year's grape harvest has been picked and "by now the rest will be pretty well ruined", says Mr Luis Bretón, chief executive of the

main producers' association, Fedejerez. "If the strike goes on for another week it will be difficult to replenish shelves in the UK, the biggest export market - for Christmas."

Spanish drinkers who prefer the lighter and drier finos and manzanillas made from grape picked early may yet see some of the 1991 harvest. The British, though, usually get the sweet, sticky stuff no Spaniard would be seen drinking from grapes exposed to more sun.

Grape already delivered to the bodegas is not being processed and the striking workers have begun to peddle extra from the plants, making it even harder to ship reserves.

Producers fear the intervention of both Mr Pedro Pacheco, the mayor of Jerez and a combative opponent of the big sherry houses, and the Andalusian government. While they are sworn enemies, neither has any great affection for the grandes and multimillionaires that own bodegas like Gonzalez Byass, Domecq, Sandeman,

Croft and John Harvey. As tempers have risen this week some Fedejerez officials have warned that the large producers might even consider leaving Jerez, warning that the Palomino grapes used to make sherry could easily be replaced by something else.

Mr Bretón preferred not to discuss this swipe at the legend that Jerez has built for itself as the only place in the world where true sherry can be made. But he strongly denied suggestions that the bodegas might not be too upset about the strike.

This rumour has emerged because the bodegas are already committed to a programme to cut their sherry stocks by about 30 per cent by the summer of 1995.

This is part of a Pta5.4bn (\$50m) programme, heavily subsidised by the Spanish government and EC, to reduce production and harvests to match demand.

Sherry's fall from grace, Page VIII, Weekend FT Section II

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NEW LAUNCH - OFFER CLOSES 6TH NOVEMBER

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The offer of Ordinary Shares (with Warrants attached) by Morgan Grenfell Equity Income Trust PLC is now open but it closes on Wednesday, 6th November 1991. Unlike some other trusts currently offered it is a straightforward investment trust aiming to provide:

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INTERNATIONAL NEWS

Another piece of the peace jigsaw falls into place

Hugh Carnegie on the Soviet Union's resumption of diplomatic relations with Israel

THE Soviet Red Flag was already fluttering outside the Israeli prime minister's office alongside the Stars and Stripes and the Star of David yesterday several hours before Mr Boris Pankin, the Soviet foreign minister, and Mr David Levy, his Israeli counterpart, signed the accord restoring full diplomatic ties between their countries after a 24-year break.

The exchange of ambassadors will

simply put the seal on a relationship which has warmed rapidly in step with the foreign policy changes under President Mikhail Gorbachev.

The first tangible effect of yesterday's agreement was to slot one of the final pieces into the peace conference jigsaw so painstakingly assembled over the past eight months by Mr James Baker, the US secretary of state, with backing from Moscow.

Israel, in line with longstanding policy, had said it would not accept the Soviet Union as co-host with Washington at any peace negotiations without the prior re-establishment of full relations. In the past few months, Moscow had held back from taking

such a step to keep the pressure on Israel not to pull out of the process.

The fact that Mr Pankin went ahead with signing the agreement before the Israeli government had formally given its final assent to the peace conference only served to underline US and Soviet confidence that Mr Shamir and his ministers will decide to attend.

The Soviet Union, which had been one of the first states to recognise Israel at the UN when it was founded in 1948, severed all ties with the country during the 1967 Middle East war, taking with it the then Soviet bloc countries and other allies. The move helped cement Israel's relationship

with the US, culminating in the strategic ties in which Israel was regarded as a key outpost of western interests confronting Soviet influence in the Middle East.

That relationship itself is now altering as a result of the end of the Cold War and its effects across the Middle East. But for years after 1967, the Soviet Union was the main source of political and military support to Israel's Arab foes, notably Syria and Iraq.

There was also constant friction under President Leonid Brezhnev over the issue of Jewish emigration from the Soviet Union and the imprisonment of Jewish "Prisoners of Zion",

or "refuseniks". That also has changed utterly since President Gorbachev allowed hundreds of thousands of Soviet Jews to emigrate over the past three years.

That wave of "aliyah", as immigration is known in Israel, has made Russians the biggest ethnic group in the country and has revived the heavily Russian character of Zionism that was a feature of the early Jewish settlement in the late 19th and early 20th centuries.

Moscow has made clear it wants to expand economic ties with Israel, but so far the chief obstacle for Israeli businessmen has been the problem of Soviet hard currency shortages.

40-year search for peace between Arab and Jew

OVER more than 40 years, and six wars, the search for peace between Israel and its Arab neighbours has continued. Here are some of the attempts.

November 1947. UN General Assembly advocates partition plan envisaging a Jewish and Arab state side by side, with Jerusalem as an international city.

Jews have mixed feelings but Palestinians and Arab states reject plan outright. When British mandate ends on May 15, 1948 and Jewish state is proclaimed, Arab armies invade Israel.

1967. Following Israel's victory over Jordan, Syria and Egypt in June war, UN Security Council passes resolution 242 calling for Israel to withdraw from captured territory and all countries to have peace and secure borders. It is never implemented and remains the basis for the current peace effort.

December 21 1973. After 1973 war, the US and Soviet Union try to convene peace conference in Geneva under UN auspices.

Egypt and Jordan agree on condition they do not negotiate directly with Israel. Syria refuses to come, while Israel first demands list of missing soldiers. No Palestinians are invited at first stage.

Arabs refuse to sit with Israel at a round table, so delegations have separate tables arranged as a hexagon, with one left empty for the Syrians. After ceremonial opening, conference is adjourned until after Israeli elections on December 31. It never reconvenes.

1974. Israel reaches disengagement agreements with Egypt and Syria governing troop deployments near ceasefire lines and Israeli withdrawal from certain areas.

September 1977. Egyptian President Anwar Sadat visits Israel to spur search for first Arab-Israeli peace treaty.

March 26, 1979. At Camp David, Mr Sadat, Israeli prime minister Menachem Begin and US President Jimmy Carter agree on Israeli-Egyptian peace treaty. It includes plan for Palestinian autonomy that is never implemented.

In Washington, they sign treaty, under which Israel returns Sinai Peninsula it captured from Egypt in 1967.

February 1990. US secretary of state James Baker's plans for Israeli-Palestinian talks collapse when Israeli prime minister Yitzhak Shamir refuses to attend in dispute over Palestinian delegates. His coalition falls but Mr Shamir attracts hardline and religious factions to his Likud party to form most rightwing government in Israel's history.

March 1991. Baker starts current efforts to convene a peace conference with extensive shuttles to the region.

October 1991. Soviet foreign minister Boris Pankin and Baker, on his eighth trip to the region since the Gulf war, issue invitations to a peace conference in Madrid to convene on October 30.

MADRID MIDDLE EAST CONFERENCE

THE PARTICIPANTS
Israel, Syria, Lebanon, Jordanian-Palestinian delegation

THE OBSERVERS
United Nations, European Community

THE SPONSORS
The United States, Soviet Union

THE PROCEDURE

PHASE 1
Opening sessions in Madrid to be ceremonial only, with each party making opening speeches. Israel refuses to consent to the full conference reconvening at any stage.

Presidents Bush and Gorbachev to attend opening only. Participants will attend at foreign minister level. Opening expected to last four days.

PHASE 2
Conference devolves into series of bilateral sessions between Israel and Syria, Lebanon and Jordanian-Palestinian delegation.

Key issues for the Arabs will be Israeli occupation of the Syrian Golan Heights, part of southern Lebanon and the West Bank and Gaza Strip. Israel seeking peace treaties without territorial concessions.

PHASE 3
Up to two weeks after convening of conference, multilateral talks begin with Egypt and the Gulf Co-operation Council joining the negotiations.

Issues will include water resources, the environment and arms control. Syria has so far refused to commit itself to these talks until bilateral disputes are settled.



The shaded areas show the territory occupied by Israel since 1967 in defiance of UN resolution 242

'An opportunity for true peace and security'

THE following is the text of President George Bush's statement yesterday.

I am extremely pleased that secretary of state Baker and foreign minister Pankin have announced that the United States and the Soviet Union are issuing invitations to a Middle East peace conference in Madrid beginning on October 30.

I myself plan to be there to help open this historic gathering, one with the potential to bring true peace and security to the peoples of the area. As the invitation makes

clear, the objective of the effort is nothing less than a just, lasting and comprehensive settlement of the Arab-Israeli conflict. To be achieved through a two-track approach of direct negotiations between Israel and the Arab states and Israel and the Palestinians based upon UN Security Council Resolutions 242 and 338.

I very much hope that all those invited will respond quickly and affirmatively so that the necessary organisation and preparations can be completed for this historic undertaking.

Eight Soviet republics sign economic treaty

By Leyla Boulton in Moscow

LEADERS OF eight of the 12 Soviet republics yesterday signed a treaty for economic union, taking what President Mikhail Gorbachev said was probably the most important decision of their lives.

Mr Nursultan Nazarbayev, president of Kazakhstan, called the agreement, which sets fragile foundations for a common market and co-ordinated financial stabilisation measures, a "historic act". Mr Boris Yeltsin, Russian president, said the treaty did away with the old, dictatorial, centralised system, but he warned that economic reforms this winter would be extraordinarily harsh.

Mr Levon Ter-Petrosian, the newly-elected Armenian president who has promised his republic full independence, said he had signed the treaty because it opened the way for "qualitatively new relations between republics... they figure as free and really equal".

Despite being shunned by the Ukraine, the second richest republic, the accord provides a necessary minimum of coher-

The Soviet Union will require \$10bn-\$11bn in aid from all sources this year to meet its needs for food and livestock feed, according to Mr Edward Madigan, US agriculture secretary, Reuters reports from Minneapolis.

Mr Madigan, who returned last week from a fact-finding mission to the Soviet Union, said: "There is going to be a problem in all republics." However, he did not believe there would be famine.

since before the arrival in Moscow next Saturday of a Group of Seven delegation to assess Soviet requests for economic assistance.

The G7 delegation plans to tell the Ukraine in blunt terms that it cannot count on western assistance to go it alone.

Also absent from the signing were Moldova and Azerbaijan, which have indicated they will sign later, while Georgia has remained silent. All 12 republics initiated the document in Alma Ata earlier this month.

The next step is for republics to hammer out over the next few months about 20 agreements setting out how the union will operate. These range from the exact structure of a new central banking system to how much of republics' tax revenues would fund a common budget.

But the big political question now is what happens to relations with the Ukraine, since in theory the treaty foresees that non-members will be charged world prices for supplies from the new community.

"We hope common sense will prevail and that Ukraine will sign the agreement. If it doesn't want to sign it can be an associated member. If it doesn't want that, it can be an observer," said Mr Yeltsin.

A representative from the Ukraine, which claims the republic has to shore up the old authoritarian centre, told the meeting the Ukraine would sign after the detailed agreements were concluded and bilateral agreements with other republics were complete.



A Yugoslav army reservist patrols by bicycle in the village of Jasenovac in central Croatia yesterday

Tudjman's grip loosens as he rides the nationalist tiger

By Judy Dempsey, recently in Croatia

AS THE indefatigable European Community monitors try to arrange local ceasefires between the Croatian authorities and Yugoslavia's Serb-dominated federal army, their task is being made more difficult by the growing radicalisation of Croatian society.

This spans the political spectrum and is particularly evident among the growing number of paramilitary units outside the control of Croatia's defence ministry. It is one of the many factors hampering efforts at implementing a lasting ceasefire and it is likely to rule out a rapprochement between Serbs and Croats if any settlement is reached.

The trend towards radicalisation has accelerated over the past month and has widened the gulf between Tudjman and Croatian popular opinion.

Mr Milorad Pupovac, a Serbian liberal and head of the Serbian Democratic Forum in Croatia, says many Serbs felt confused. "They did not know what future role they would have in Croatia."

The HDZ dropped the loyalty oath, modified some of its nationalist symbols, and recently offered the Serbs a wide degree of cultural autonomy and political representation. But the gesture was seen by many Croat and Serb liberal intellectuals as coming too late.

Mr Tudjman had played into the hands of Mr Slobodan Milosevic (the president of Serbia). Milosevic was ideally placed to exploit the fears of the Serbs in Croatia, a senior Croatian official said last week.

"Tudjman refused to listen to the voices of moderation."

As the Serbs in Slavonia, eastern Croatia, and in the Krajina, south-west Croatia, set up their own paramilitary units, aimed at carving out Serbian autonomous enclaves with the help of the federal army, this in turn had the effect of exacerbating Croatian nationalism.

"There were two factors which led to this," a former adviser to Mr Tudjman said. "The Serbs and the army have been waging a war of destruction on Croatian territory since August. At the same time, Tudjman had no military policy whatsoever. The Croat establishment is seeking revenge against the Serbs and the federal army. It is growing increasingly impatient with Tudjman's incompetence."

The HDZ's headline policy, while marginalising the party's moderate wing, has failed to rein in the ultra-nationalist Croatian Party of Rights led by Mr Dobroslav Paraga, whose members speak respectfully of Mr Ante Pavelic, head of the Ustasha movement in 1941.

Over the months, the Party of Rights has built up a paramilitary unit which acts independently from the Croatian ministry of defence.

"We are in an impossible situation," explains an EC monitor. "It is now clear that even if we reach an agreement on a local ceasefire with the Croatian military and the federal army, neither side have control on the ground. Croatia is now riddled with extremist Croat and Serb paramilitary units who defy any ceasefire orders. I do not know how much more the monitors can do."

European pledge on US nuclear bases

By David White in Taormina, Sicily

EUROPEAN members of Nato yesterday committed themselves to continue sharing responsibility for providing bases for US nuclear weapons even though 80 per cent of them are to be destroyed.

Defence ministers have approved cuts which will leave Nato with a residual stockpile of between 700 and 800 bombs in Europe, out of the approximately 3,600 tactical nuclear weapons currently deployed. All ground-launched nuclear weapons are to be taken back to the US and destroyed.

US nuclear bombs, which are to be reduced by 50 per cent, are believed to be held in the UK, Germany, Italy, the Netherlands, Belgium and Turkey, while Greece also has storage facilities.

General John Galvin, Nato's

supreme commander in Europe, has been given the task of deciding how to distribute the remaining stockpile.

The new "minimum level" set by Nato is one-tenth the number of tactical weapons it deployed up to the late 1970s.

Robert Graham adds from Rome: President François Mitterrand of France yesterday urged Italy to act as a bridge to reconcile opposing views within the European Community on the EC's future defence policy.

At the end of a 24-hour meeting with Mr Giulio Andreotti, the Italian prime minister, Mr Mitterrand sought to play down growing differences over defence policy among leading members of the Community.

US to lift Cambodia embargo

By David White in Taormina, Sicily

THE US plans to lift its 16-year embargo on trade with Cambodia as soon as the UN-sponsored plan to bring peace to the country is signed in Paris next week, writes George Graham in Washington.

Mr Richard Solomon, assistant secretary of state for east Asian affairs, said the US would also support plans for the World Bank and other international financial institutions to begin projects in Cambodia, and would set up a liaison mission in Phnom Penh, the capital.

Poland buys Boeing
LOT, Poland's state owned airline, is to buy nine 737 aircraft under a contract worth around \$300m, writes Christopher Bobinski in Warsaw. It also has an option on a further two 737s.

The airline originally signed a letter of intent with McDonnell Douglas for nine MD80 aircraft but cancelled it in July. The US company has said it will sue for breach of contract.

US housing setback

US housing starts fell by 2.3 per cent in September, fueling concern about the economy's faltering recovery from recession, writes George Graham in Washington.

The Commerce Department said total September private housing starts amounted to an annual rate of 1.03m, 7 per cent lower than a year earlier.

Canadian left gains

Canada's left-leaning New Democratic Party has won control of a second key province with a landslide victory in elections in British Columbia, writes Bernard Siman in Toronto. The NDP, smallest of the three main parties, came to power in Ontario last year and is expected to win in Saskatchewan next week.

Copy us, Brussels tells warring Yugoslavs

By David Buchan in The Hague

THE EC has thrown a loose version of its own constitution at the Yugoslav problem in a bid to produce a political settlement to the civil war.

The proposal was broadly welcomed at yesterday's Hague peace conference by five of the six republics, with only President Slobodan Milosevic of Serbia complaining that it undermined the Yugoslav federation's legal status.

The EC plan calls for a free association of sovereign

republics, which would co-operate in trade, money and security matters. It would mirror EC institutions by giving Yugoslavia a council of ministers, an executive commission and a court of appeal, located in different republics. If the overall problem were not so tragic, this aspect of the EC solution might be considered comic, since the EC has never finally resolved the sitting of its own institutions.

The two key variants on the EC model are:
● Recognition of the independence, within existing borders, unless otherwise agreed, of republics wishing it.
● President Franjo Tudjman of Croatia stressed his republic was still bent on independence with its own money and army.
● Special protection for minorities, who would have the right to a national emblem, a second nationality, their own schools and legislature. Mr

Milosevic called these proposals positive.

In EC parlance, this is subsidiarity, or autonomy with a vengeance. Lord Carrington, the peace conference chairman, said that facts on the ground had to be recognised, and that "we must build from the bottom up".

With nine ceasefires already broken, it remains so hard to imagine jaw-jaw totally replacing war-war in Yugoslavia that some of the

EC proposals have a decidedly odd ring. Taking a leaf out of the Conference on Security and Co-operation in Europe, the EC has suggested that republics "may decide to apply between themselves procedures and practices in the CSCE" - among others, notification of unusual military activities.

Yet even Mr Milosevic seemed ready to keep the peace conference going on the basis of this plan.

Gates wins backing of key senators

By George Graham in Washington

MR Robert Gates, President George Bush's nominee to head the Central Intelligence Agency, yesterday won strong endorsement from a key Senate committee.

The select committee on intelligence voted 11 to 4 in favour of the appointment, with four Democrats joining the Republican minority on Mr Gates's side.

The nomination is expected to be forwarded to the full Senate in the next two weeks, but the committee's strong backing is thought likely to ensure an easy ride for Mr Gates.

Mr Gates's confirmation had been held up by the intelligence committee for four months because of concerns over the extent of his knowledge of the Iran-Contra arms-for-hostages affair. The issue led Mr Gates to withdraw his name in 1987 when President Ronald Reagan sought to

appoint him to the CIA post.

Mr Gates appears to have overcome these doubts during intensive committee hearings last month, and to have shaken off claims by other CIA analysts that he had eluded intelligence analyses for political ends.

The intelligence committee vote is the second confirmation win for President Bush this week, coming in the wake of the narrow confirmation vote for Mr Clarence Thomas as a Supreme Court Justice.

A much easier confirmation was won yesterday when the Senate banking committee endorsed Mr William Taylor, former head of banking supervision at the Federal Reserve Board, to be chairman of the Federal Deposit Insurance Corporation (FDIC) which supervises part of the US banking system and guarantees bank deposits in the event of failure.

Last-minute deal saves Haughey

By Tim Coone in Dublin

THE Irish government yesterday narrowly avoided being toppled after the two coalition partners reached an eleventh-hour agreement on reform and then voted together in a crucial vote in parliament.

A confidence motion in the government was narrowly passed by 84-81 votes, but it was unclear until the last moment whether the junior partners in the coalition, the Progressive Democrats (PDs) would back prime minister Charles Haughey's party, Fianna Fail, if key concessions were not made on tax reform.

A defeat of the government on the confidence motion would have precipitated general elections.

In the event, Fianna Fail and the PDs agreed a new programme for the next two years

just hours before the vote. It recognises that a cut in the overall taxation level "will not be possible in the next few years" but agrees on a radical overhaul of the tax structure, involving "systematic curtailment of the vast range of exemptions, shelters, allowances and concessionary tax rates".

The changes will be phased and opposition leaders immediately attacked them for being too vague.

The agreement is seen as a victory for Mr Albert Reynolds, finance minister, who apparently held out against PD pressure for more specific and immediate commitments on reform. He told parliament: "Tax reduction and reform requires prudent control of expenditure... that is how we propose to proceed, so that we can move steadily toward a

more equitable, simpler and more economically efficient tax system."

He said the government "will endeavour to achieve the standard (income) tax rate of 25 per cent with a single higher rate of 44 per cent in the next two budgets". The standard rate is currently 30 per cent, with two higher rates of 48 and 58 per cent.

Manufacturing companies pay corporation tax of only 10 per cent on profits, and it is the concessions to the business sector that have come under most criticism.

Under the new coalition agreement, there is also to be greater public disclosure from September 1992 of the financial interests of politicians and senior civil servants, together with stiffer penalties for non-compliance.



Haughey: close call

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INTERNATIONAL NEWS



Tony Andrews

Fierce Hawke leaves Major in the shade

MR JOHN MAJOR (pictured above) may have bowled over the Commonwealth prime ministers at his conference here, but he found the bowling of a team of Zimbabwean schoolboys more difficult to handle yesterday, writes Robert Mauthner in Harare.

His style was elegant and he scored a boundary with a massive off-drive from a full toss. But he could not match the naked aggression of Mr Bob Hawke, the Australian prime minister, or the stroke play of Pakistan's Nawaz Sharif.

The Commonwealth leaders were playing in a charity match for a team which included such notable exponents as Clive Lloyd, the former West Indian cap-

tain, and Graeme Hick, the Zimbabwe-born England player.

Mr Hick, clearly, had been sent back to his country of birth by the English selectors to get some much-needed batting practice. He was out fourth ball, but was allowed to have another go. Mr Lloyd just

likes playing with prime ministers. "I played with Mr Hawke two years ago in Australia," he told a distinguished lady reporter, who asked him whether he was from Zimbabwe.

Mr Major, who scored five runs before having to retire under the bizarre restricted overs rule of the match, said he had "thoroughly enjoyed" the experience. The last time he played was for a north of Nigeria team in 1966, when he scored

77 not out. That innings was cut short by an aircraft landing on the pitch at square leg. Three days later he broke his leg in a car accident, an injury that has plagued him ever since.

But he made a brave show at running between the wickets, as the 62-year-old Bob Hawke's agricultural sweeps sent the score rocketing.

Both were put in the shade by Mr Sharif who dispatched beagles dummies for six after six over the pavilion boundary, before being stumped.

"A good knock, sir," Mr Sharif's aide said in somewhat dated English. "He's cheating," said a jealous Mr Major. "He played last week." It came as no surprise that the match was the idea of Mr Sharif.

Commonwealth seeks to help develop post-apartheid society

S Africa aid mission expected

By Michael Holman in Harare

Commonwealth leaders are expected to send a fact-finding mission to South Africa to assess ways in which the organisation can assist the development of a post-apartheid society.

The decision to send a team, likely to be led by Chief Emeka Anyaoku, the Commonwealth secretary-general, reflects the shift in members' concern from sanctions to aid.

There is now little doubt that Commonwealth heads of government, who left last night for a weekend "retreat"

at the Victoria Falls, will agree on the lifting of what are called "people-to-people" sanctions against South Africa. These include bans on tourism promotion, visa restrictions and direct air links.

Nearly all the Commonwealth governments favour the phased withdrawal of trade sanctions, followed by financial sanctions (such as access to international monetary fund resources), linked to political progress in South Africa.

But Britain is continuing strongly to press for a more rapid repeal of embargoes, thus opening the door for aid and investment.

British officials point out

that under proposals currently before the conference, some sanctions could remain in place even after the creation of an internationally acceptable interim government.

"The difference over speed will remain," Mr John Major, the British prime minister, said in Harare yesterday. "What South Africa needs most now is investment to encourage growth," said Mr Major.

The country's annual 3 per cent population increase and little or no economic growth meant that "year after year the poorest in South Africa are getting poorer".

Growing interest in a Com-

monwealth role in South Africa's post-apartheid development is reflected in a report prepared for the Harare meeting. It advocates Commonwealth support for a short-term 500m training programme to ease the shortage of black South African managers.

The main issue on yesterday's conference agenda was the environment. Mr Major told the meeting that Britain aims to reduce carbon dioxide emissions to their 1990 level by year 2005. But British officials expressed disappointment that discussion of environmental problems tended to concentrate on national rather than global concern.

Demands grow for reduction in Japan's discount rate

By Robert Thomson in Tokyo

DEMANDS for a cut in Japan's official discount rate (ODR) grew yesterday as Mr Kiichi Miyazawa, who is expected to become prime minister next month, called on the Bank of Japan to make a "prompt" decision in order to revive a flagging economy.

Japanese stock and bond prices rose sharply in expectation of an interest rate cut, as rumours swept the trading floor that the central bank could make an announcement as early as today or next week.

But Mr Yasushi Mieno, the Bank of Japan governor, said last night that Mr Miyazawa's call would not influence the bank, which remains satisfied with the health of the economy.

He said the previously overheated economy was ready to

enter a phase of more balanced growth, but that attention must be paid to the inflationary impact of an interest rate cut. The ODR stands at 5.5 per cent, and was cut from 6 per cent on July 1, the first fall in 4½ years. Japanese brokers said they expected a further cut to 5 per cent or 4.75 per cent in coming days, and were not discouraged by Mr Mieno's statement.

In the past few days, various government officials, including Mr Eiichi Nakao, the minister for international trade and industry, have urged the central bank to stimulate the domestic economy with a reduction in rates.

Mr Nakao is concerned that slower domestic growth has encouraged Japanese compa-

nies to use excess production capacity to increase their exports, resulting in a higher trade surplus and increased trade friction.

The chorus was joined yesterday by Mr Masaru Hayami, chairman of the Japan Association of Corporate Executives, who said the yen's recent appreciation against the dollar had created a favourable climate for a rate cut. He suggested that the central bank was close to making a decision and that his association would welcome a cut.

While the deregulation of Japanese interest rates has made the effect of an ODR cut more symbolic than real, a cut will be interpreted by Japanese industry as a sign that a cautious central bank is ready to encourage growth.

HK fears over court of appeal

By Angus Foster in Hong Kong

HONG KONG legislators have expressed grave concerns about the colony's proposed court of final appeal, despite government assurances the court represented "a good deal" for the colony.

The legislators were yesterday briefed for the first time on the court, which was agreed between Britain and China last month. Under the agreement, the court will be set up before Hong Kong's transfer from British control in 1997.

After Chinese objections, a maximum of only one of the court's five judges will be drawn from overseas. This has raised concerns that China is not prepared to allow Hong Kong a strong and independent judiciary.

Both liberal and conservative legislators have complained that the limit on overseas judges runs contrary to the Basic Law, Hong Kong's mini-constitution after 1997, which does not limit the number of overseas judges.

Hong Kong and Britain originally wanted a maximum of two judges to come from other common law jurisdictions to ensure the court's independence and high standards. Britain agreed to the Chinese position earlier this year in return for having the court up and running quickly.

Several legislators are calling on the government to review the agreement and are threatening to amend it when it comes before the Legislative Council next year to be passed into law. This would pose a serious risk of confrontation with Peking, which held up progress on the court's establishment for over a year following the Tiananmen Square killings in 1989.

Mr Anthony Rodgers, chairman of the Hong Kong Bar Association, said it was better to delay setting up the court than set it up with the present restrictions.

UK NEWS

Tories attack Adams' election

By Michael Smith, Labour Correspondent

THE CONSERVATIVE party moved on the offensive yesterday as the TGWU general workers' union elected a communist as deputy general secretary in preference to a close ally of Mr Neil Kinnock, the Labour leader.

Mr Michael Howard, the employment secretary, said the election of Mr Jack Adams as TGWU deputy general secretary "placed a red hand on the lever which controls the Labour party".

He said: "Today's result means that the old-style communism, evicted even from the Kremlin... will exercise a newly powerful voice in Walworth Road [Labour's headquarters]."

Mr Kinnock, a TGWU member, denied that the defeat of Mr Jack Dromey was a setback. "It was a democratic

election and their [the union members'] judgment."

Mr Adams, a member of the Communist Party of Great Britain, won 77,180 votes against Mr Dromey's 65,806. Mr Pat Higgins, a forklift truck driver, won a surprisingly high 20,305 votes and Mr George Henderson, a national secretary like Mr Dromey and Mr Adams, won 20,866. The turnout among the union's 1.2m members was about 17 per cent.

In spite of Mr Kinnock's protestations, the election represents a significant setback for him and other Labour party leaders, who had campaigned for Mr Dromey behind the scenes.

Mr Adams, 37, has been on the reformist, democratic wing of the Communist party since he joined 18 years ago. He cam-

paigns actively for the Labour party in general elections and, on most issues, there is little to divide him and Mr Dromey.

None the less, he is likely to take a more independent line from the Labour leadership than would Mr Dromey.

Mr Adams said he was pleased that members had voted to ignore the "smear campaign" against him by some media commentators. He complained that they were people who had not met him, nor had an interest in what he stood for.

Mr Adams is the lead negotiator for unions at Ford, Rover and Jaguar. Before becoming a national officer five years ago, he worked at Longbridge, Birmingham, first as a shopfloor worker and later as a union convenor.

Mr Tony Blair, the shadow employment secretary, said the Conservative attack was quite extraordinary, given that Mr Adams had been elected in accordance with legislation introduced by the Tory party.

Mr Dromey said he was disappointed but would work as part of the TGWU leadership team to build a strong, modern and democratic union.

He suffered a further blow yesterday when he was replaced as chairman of the union committee that negotiates pay for 900,000 blue-collar workers in local government. It is thought that fellow negotiators were unhappy about him publicising votes in favour of this year's pay offer before a deal was reached with employers. Mr Alistair Macrae, a national secretary of the Nupe public-service union, was elected to the chair.

Leyland DAF to enforce one-year freeze on pay

By Michael Smith

LEYLAND DAF, the British subsidiary of the DAF truck company of the Netherlands, is to impose a one-year wage freeze on its 6,300 employees.

The move comes as it struggles with what it says are the worst trading conditions it has encountered since the Second World War.

The freeze is one of the first by a vehicle manufacturer in the UK during the present recession.

Other employers are likely to point to it in their pay negotiations in an attempt to discourage optimistic expectations.

Negotiations are in progress at Vauxhall, where 9,000 manual workers have been offered 5 per cent, and at Ford, where

30,000 blue-collar employees have put in for rises of at least 7 per cent.

Mr John Allen, an executive councillor of the AEU engineering union, yesterday condemned Leyland DAF's wage freeze. He said that it was not the answer to the company's difficulties.

In a letter to employees yesterday, Mr John Gilchrist, managing director of Leyland DAF, said that the freeze was unprecedented for the company. It would "affect us all" and was essential to secure the future.

Losses in the past 18 months have exceeded £125m. Nevertheless, assuming there is no further deterioration in the European truck market, the company would hope to break

even in the fourth quarter of the year.

Mr Gilchrist said that only 32,000 trucks would be sold in the UK this year, 53 per cent down on total UK sales in 1989.

Similarly, van sales had fallen from 146,000 in 1989 to a forecast for 1991 of only 85,000.

Most of Leyland DAF's employees are based at Leyland and Chorley, Lancashire, but there are 2,200 in Birmingham and 550 in Glasgow. Some 300 marketing staff also work at Thame, Oxfordshire.

The pay freeze will take effect from January 1, when the present wage and salary agreements end.

Increases in the past two years have been 6 per cent and 5.5 per cent.

Shortfall in redundancy volunteers

JAGUAR, the embattled luxury-car maker, has received voluntary redundancy applications for fewer than half the 1,400 job losses it sought in the latest round of cost-cutting, John Griffiths writes.

The deadline for applications for redundancy and early retirement expired yesterday. The company agreed to extend the time until the end of next week, after which redundancies will be imposed.

Those involved will be have to leave by November 1.

When the deadline expired, Jaguar was 720 volunteers short. The unions, which have been hostile to redundancy criteria - assessment of employee worth rather than service - had pledged to support those resisting cuts. However, significant opposition seemed unlikely yesterday.



Show must go on: but manufacturers were feeling the pinch yesterday as the Coach and Bus 91 exhibition opened

Bus makers' hopes of help are dashed

By John Griffiths

HOPES of UK bus and coach manufacturers that the government might use the Coach and Bus 91 exhibition to launch a programme to promote bus use went unrealised yesterday.

Mr Roger Freeman, junior transport minister, who opened the biennial show at Birmingham's Exhibition Centre, promised only that a working party set up in April to consider ways of increasing bus usage would announce conclusions "before the end of the year".

The Transport Department

plans to issue guidelines to local authorities on bringing in bus priority measures, such as bus lanes and park-and-ride schemes. Even so, there was little optimism among manufacturers in this deeply depressed industry that the measures would have any significant effect on meeting the lack of resources among both public and private bus operators to replace ageing fleets.

Statistics from the Society of Motor Manufacturers and Traders show bus and coach sales down by more than 30 per cent so far this year to 1,556, compared with 2,260 in the same period a year ago.

According to Mr Ron Armstrong, a director of Iveco Ford, more than 80 per cent of double-decker buses, and 70 per cent of single-deck buses in use are more than 10 years old.

While annual car production, helped recently by growing exports, has risen to half as much again as the 880,000 units reached at the industry's nadir in the early 1980s, output of "traditional" buses this year is expected to be fewer than 1,000 - compared with 9,000 a decade ago.

Radiation risk leads to fine for Massey

MASSEY Ferguson, the combine harvester maker, was yesterday fined £10,000 after it admitted failing to ensure that buyers knew enough about radioactive dangers in its machines.

Judge Richard Cole at Warwick Crown Court warned farmers to be on their guard when using the Massey Ferguson 38 harvester, fitted with a yield meter containing a radioactive source. He said there was no evidence of injury to health, but a risk existed and people should not tamper with the yield-flow mechanism.

He fined Massey Ferguson for breaching the Health and Safety at Work Act and ordered the company, of Davies Street, London, to pay £5,000 prosecution costs.

Mr Adrian Redgrave, for the Health and Safety Executive, told the court that the £100,000-plus harvesters had been sold since 1986. The radioactivity in the yield meter meant the machines were subject to the

Ionising Radiation Regulations of 1985, which provided stringent safety requirements governing ways in which the source should be handled.

He said the source presented no danger in a new machine that functioned properly. The concern was with older machines that might have become damaged.

If the meter somehow became detached from the harvester, any radioactive material that entered the ground could remain active for 4,000 years, Mr Redgrave said. More than 200 harvesters might be "at risk" and some of them may have been exported.

A new handbook had now been issued by Massey Ferguson to all known owners of the MF38 incorporating the Ionising Radiation Regulations.

A warning sticker was now fitted to the window of the driver's cab in all new machines and the company ran lecture courses for farmers close to the harvest season.

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PRIVATE PARKING

UK NEWS

Signs of upturn in financial services sector

By David Barchard

A MODEST recovery of confidence is evident in the financial services sector and a mild upturn of business is expected in the final three months of this year, according to a report published yesterday by the Confederation of British Industry and Coopers & Lybrand Deloitte, the accountancy firm.

Three out of 10 financial services companies are more confident about their business prospects than they were three months ago, and only one in 10 is more pessimistic.

This is the first time an upturn in confidence has been reported since the CBI/Coopers & Lybrand Deloitte Survey of Financial Services began in December 1988, but most companies still expect to face lack of demand over the next 12 months.

The survey shows that business volumes in the financial services sector continued to fall in the third quarter of the year. The banking sector continues to report business volumes well below normal, as do finance houses and building societies.

General insurance companies say that volumes declined slightly faster in the third quarter than in the second, although the broadly stable volumes in the third quarter

for life assurance were better than expected.

Business with overseas customers was a little up during the quarter.

Financial services companies continue to invest strongly in information technology, and investment in training is also strong. Fifty-seven per cent of companies expect investment in information technology to increase over the next year, while only 14 per cent say they think it will decline.

Venture capital stands out as the most optimistic sector of the financial services industry, even though it appears to have been among those hit hardest by the recession. Business volumes fell below normal in 78 per cent of companies surveyed, and the fall in volumes was much sharper than expected last June.

The CBI says it expects job cuts in the financial services sector to increase. A sharp fall in numbers employed is expected in the final quarter of the year and even building societies, which had been recruiting strongly, seem to be slowing down on their staffing levels.

The survey covered 379 companies including banks, finance houses, building societies, insurance companies, brokers, stockbrokers, and venture capital institutions.

Outsider recruited to run troubled exchange

By Richard Waters

A CHAIRMAN has been brought in from outside the commodities industry to run the London Futures and Options Exchange (Fox), the soft-commodities market that has been in upheaval after revelations that it engaged in potentially illegal activity in several of its contracts.

Mr Andrew Large, a former chairman of the Securities Authority, the regulatory body for the securities industry that has since been merged to become the Securities and Futures Authority, was voted in by Fox's board yesterday.

He replaces Mr Saxon Tate, a member of the family behind sugar group Tate & Lyle, who

resigned as chairman two weeks ago. He left to take responsibility for the activities of Mr Mark Blundell, the former chief executive, who resigned at the same time after admitting to "initiating" trades in Fox's property futures market.

Although Mr Large has no experience of the commodities industry, he has overseen trading in derivatives such as futures while a director with Swiss Bank Corporation, a post he left to set up his own financial services business.

Fox has already brought in Mr Phillip Thorpe from the Securities and Futures Authority as acting chief executive.

Lloyds' agency faces end to control

By Richard Lapper

H.G. CHESTER & Co, the Lloyd's of London agency group that manages one of the insurance market's most famous marine syndicates, is likely to lose its independence.

The rapidly growing Hayter Brockbank agency, which was listed on the stock market in February 1990, will provide management support for both Chester's syndicates and its members' agency over the next nine months. It is likely to assume full control next year.

The move is the latest in a number of takeovers and mergers affecting both syndicates and agents as Lloyd's responds to its first losses for more than 20 years.

The higher members' agents are playing an important role in the restructuring process and are backing Hayter Brockbank. Members' agents handle the affairs of Names, the individuals whose capital backs syndicates.

Until his death in 1988, Mr Henry Chester was regarded as one of the doyens of the marine insurance market. Syndicate 65 was one of the biggest marine syndicates at Lloyd's, writing premium income of £103.7m in 1988. But members' agents have pulled Names away from the syndicates in recent years. Capacity declined to £76.2m this year.

Agents say Chester's present management was ill equipped to deal with the syndicate's exposure to liability risks stemming from policies originally written in the 1950s.

"Agents were only prepared to continue to recommend support provided the management of the [Chester] agency [was] strengthened," said Mr John Hayter, chairman of Hayter Brockbank. "Members' agents were not happy with the way management worked in the round."

Hayter Brockbank will take over management of syndicates 65 and 640 as well as Chester's members' agency operation, which handles the affairs of 250 Names.

Hayter will pay a percentage of future profits to Chester to secure the deal if it exercises an option to secure full control next year.

Hayter's managing agency now handles premiums of more than £200m, nearly double its capacity last year. Its members' agency operation will now handle the affairs of 750 Names.

Receivers missing £2m from failed school tours group

By Chris Tighe

MORE THAN £2m is still unaccounted for after the collapse in March of Adventure Travel International, the school tours operator, a liquidation meeting heard yesterday.

Mr Alan Marlor, of Ernst & Young, ATTI's joint administrative receiver, told the meeting in Bradford that only £600,000 of the company's net deficiency of £2.68m could be explained by losses on the purchase of a rural holiday centre and the write-down of equipment.

The meeting was told that ATTI's debts totalled £2.91m and its assets just £228,733 before liquidation costs. Unsecured creditors - the largest of which is the Association of British Travel Agents (Abta) - can expect to receive only 7p in the pound.

ATTI, based in Shipley, West Yorkshire, was one of three school holiday companies to collapse in only six weeks earlier this year.

The failures led Abta, which faced total losses approaching £7m, to impose

emergency levies on travel agents and holiday operators and substantially increase the bonds it required from school tour companies.

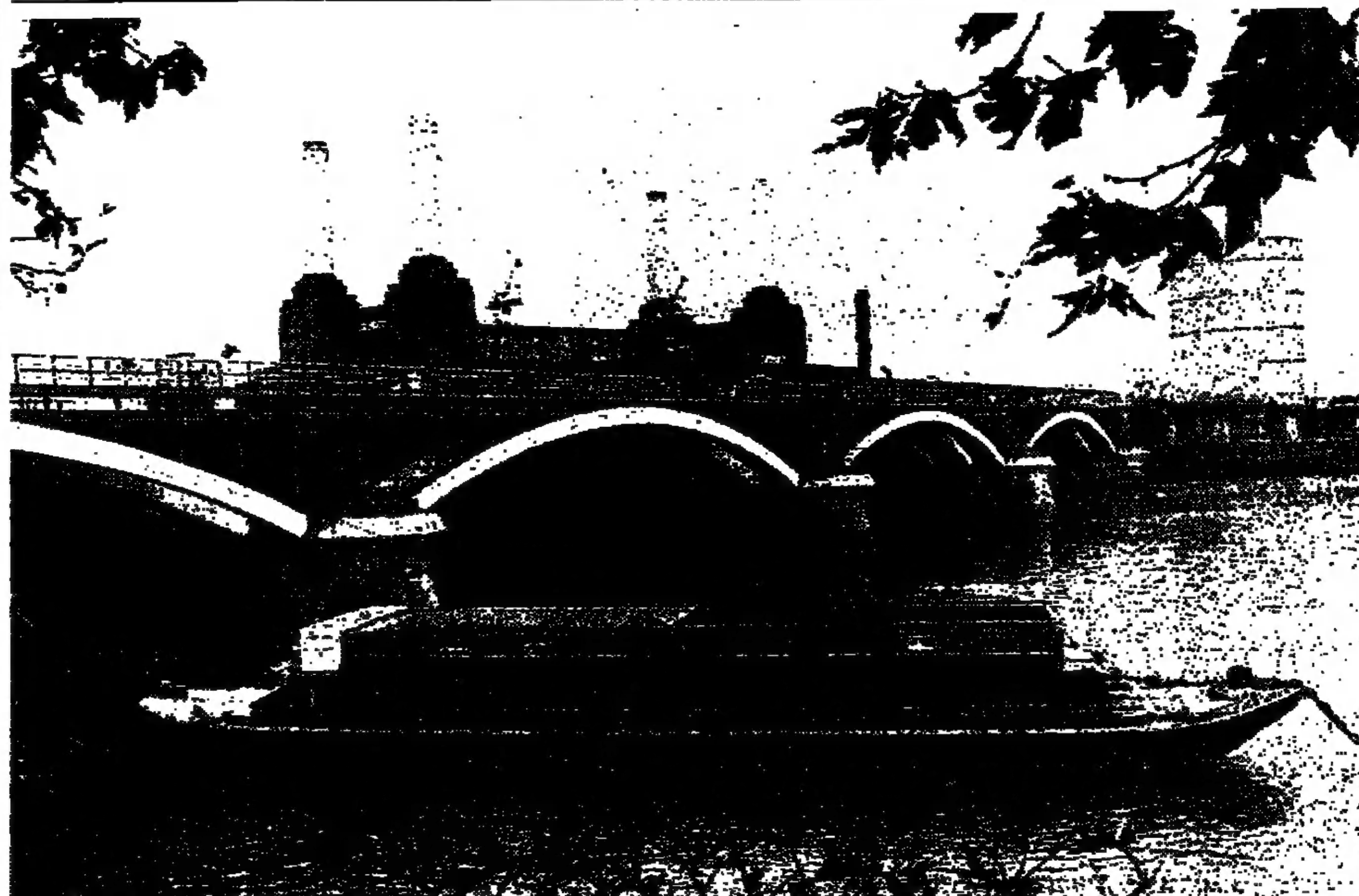
Mr Tony Richmond and Mr Martin Shaw of KPMG Peat Marwick's Leeds office, were yesterday appointed as the company's liquidators, at the request of Abta.

Abta is still owed £1.28m by ATTI; a bond covered a further £456,000 loss. Mr Andrew Amess, who became ATTI's sole director in January after the

resignations of Mr David Constance and Mr Nigel Parker, then its directors, was at the meeting.

Mr Constance and Mr Parker, who remained as consultants at ATTI until its collapse, did not attend.

After the meeting, Mr Gary Black, senior insolvency manager at Peat Marwick's Leeds office, said the liquidators would seek to explain the missing £2m. "We've got to come up with some answers," he said. "Where did this money go?"



Generating controversy: Wandsworth says it is owed money for control and inspection of the power station site

Power station owners to face action

By Jimmy Burns and Richard Donkin

THE Conservative-controlled Wandsworth Borough Council has decided to take legal action against the owners of Battersea Power Station over £158,000 of unpaid debts.

Work on the power station by Battersea Leisure, the company owned by Mr John Broome, was halted in March 1989 by the syndicate of four banks that were financing Mr Broome's original development project.

The council had previously resisted taking action against Mr Broome's company in order not to jeopardise his chances of raising finance to continue the project.

Mr Guy Senior, chairman of

the council's planning committee, said last night that Battersea Leisure would be issued with a High Court writ before the end of next week and the council would press for a summary judgment.

The writ is being served under Building (Prescribed Fees) Regulations 1985 and the London Building Acts (Amendment) Act 1939, which empowers councils to charge for building control and recovery fees. Wandsworth alleges that it is owed money for control and inspection carried out on the site both before and since work was abandoned.

Mr David Cooper, Mr Broome's solicitor, said any

writ would be "vehemently defended". He said he was "astounded" at the action over "a lousy £158,000" in relation to a £200m project.

The decision to take Mr Broome's company to court comes amid growing scepticism within the council that Mr Broome can deliver on his promise to raise fresh finance.

Mr Senior said: "We can't go on waiting until he [Mr Broome] tells us that some new financing is round the corner."

Seven months ago, Battersea Leisure made known that it had started talks with a Japanese consortium in an effort to revive its plans for a leisure

complex at the site, on the south bank of the Thames. The refinancing plans are said to be still under negotiation but have so far failed to come to fruition.

Mr Cooper said the dispute concerned the second stage of building regulation payments that had not been paid because the contract was suspended.

"It really doesn't help sensitive negotiations with threats of writs from the local authority," Mr Cooper said. "I'm mystified as to why it should all happen at this particular moment. I just don't understand it. I would hope it would be satisfactorily resolved without the necessity of litigation."

Equality body loses school race case

A COUNCIL that complied with a mother's request to transfer her white daughter from a school where 80 per cent of the pupils were Asian pupils to one where 98 per cent were white was not guilty of race discrimination, the High Court decided yesterday, Andrew Adams writes.

The court turned down a request from the Commission for Racial Equality for judicial review of Cleveland County Council's action.

The commission had argued that the council was in breach of the 1976 Race Relations Act in agreeing to the request.

Mr Justice Macpherson said he did not consider the mother's motives to be racist. They had stemmed from concern that her five-year-old child should learn to read, write and speak in her own language before learning Hindi.

Even had the motives been racist, the council would have been obliged to comply with the request under the 1980 Education Act.

Partnership call for careers service

THE GOVERNMENT is urging local education authorities and training and enterprise councils (Tecs) to form voluntary partnerships for the provision of the school careers service.

It had proposed legislation to put the service under the direct management of Tecs, or for it to be contracted out to the private sector.

The Employment Department said: "Government hopes voluntary partnerships will be set up because this is better than compulsion."

MP for trial on corruption charges

MR HARRY GREENWAY, the Conservative MP for Ealing North, and three other men were yesterday sent for trial at the Old Bailey, London, on corruption charges involving British Rail contracts.

Mr Greenway faces seven charges. They involve allegedly corruptly accepting gifts from Mr Norbert Jurasek, Mr Michael John Brooks and Plasser Railway Machinery GB.

The other three accused are Mr Brooks, Plasser company secretary, of Ringwood, Hants; Mr Jurasek, managing director of Plasser's British subsidiary of Wargrave, Berkshire; and Mr David Stewart Currie, of Penn, Bucks, a former BR director of civil engineering.

Case postponed

JUDGMENT has been postponed to Monday in the High Court case in which London is challenging the refusal by Mr Nicholas Ridley, the former trade secretary, to seek the disqualification of the Fayed brothers as company directors.

New-town sales

THE Commission for New Towns, set up to sell the development corporations' assets, yesterday announced that it sold £18m worth of commercial and industrial property in 19 former new towns in the year to March 31.

Ripa di Meana's hit list totals £5.5bn

By Andrew Taylor and John Hunt

THE SEVEN construction projects that the European Commission demanded halted cover a range of developments in both the public and private sectors, from motorways to a soft-drinks factory.

Mr Carlo Ripa di Meana, the environment commissioner, says the developments fall foul of regulations that require an environmental impact study to be submitted before approval.

The developments include some of Britain's largest and most environmentally controversial road and rail schemes, involving expenditure of more than £5.5bn. Construction work has yet to begin on many of the projects. The seven are:

- The proposed high-speed rail link connecting the Channel tunnel to King's Cross Station in London. Two weeks ago the government announced that the route for the £4.5bn project would approach King's Cross from the east rather

than through south London. The commission is understood to be concerned about the impact of the new terminal at King's Cross, rather than about the route, construction of which is not expected to start for several years.

- The East London River Crossing, a box-girder bridge that will cross the Thames between Beckton and Greenwich, was approved by government ministers last month. The cost of the project, including approach roads, is £200m at 1989 prices. The southern approach will pass through part of the 8,000-year-old Orléans Wood and has been strongly opposed by local residents and environmentalists.

- A £36m (1987 prices) extension of the M3 motorway near Winchester, which will bisect Twyford Down, an area of outstanding beauty and historical interest. The construction of a cutting through Twyford Down

was unsuccessfully opposed in the British courts. No contracts have been let for the extension, which was approved in July 1988. An archaeological dig, due to be completed by the spring, started in May.

- A £239m extension of the M11 motorway to the Black wall tunnel under the Thames. The project, which was approved in March last year, will require the demolition of 270 homes. The Department of Transport has already acquired 200 of those. No construction contracts have been let.

- A £300m extension to BP's gas separation plant at Kinnell on the Firth of Forth. Work started earlier this year, is due to be completed by late 1993. BP said it had prepared an environmental impact study. That was not submitted, as it was not required under British law and was not requested by planning authorities.

- A £100m soft-drinks and can

manufacturing facility for a joint venture between Coca-Cola and Schweppes at Brackmills, Northampton. The project received planning permission last October.

Since then, the company has submitted a new planning application reducing the height of one of the buildings. The companies said they had carried out a full environmental assessment before receiving the original planning permission.

- An £800,000 incinerator to dispose of clinical waste at South Warwick Hospital, West Midlands. The result of a public inquiry has yet to be announced. The hospital said it was advised by the Department of the Environment that an environmental assessment study was not needed, as clinical waste was not covered by the EC directive. Since then, the EC regulations have been amended to include it.

Welsh seek changes to proposals on councils

By Anthony Moreton, Welsh Correspondent

WELSH district councils have urged the government to set up seven more unitary authorities than are proposed for the reorganisation of local government.

Mr David Hunt, Welsh secretary, has suggested that the eight counties and 37 districts should be reorganised into about 20 all-purpose authorities.

The counties have strongly criticised the proposal, but have still to put forward an alternative framework.

Under the plan put forward by the Council of Welsh Districts, the three main towns - Cardiff, Swansea and Newport - would return to unitary status along with Wrexham Maelor, the fourth large town.

The districts say their plan for 27 unitary authorities would save at least £50m a year through the elimination of overlapping financial, legal, personnel and other support services, and through unifying services such as planning, highways and economic development.

They claim that reorganisation along those lines would not only produce a more efficient service, but also bring about a "higher quality of local democracy".

Rail troubles to continue

COMMUTERS on "inadequate" and congested trains from the Kent coast into London cannot expect any significant improvement before 1995, Mr Roger Freeman, transport minister, told the Commons yesterday, Ivor Owen writes.

Mr Roger Gale (C Thanet North) protested that the closure of Cannon Street station for improvements had been extended for an indefinite period, after being prolonged to 12 weeks. Some companies were not offering jobs to people who used Cannon St, as they knew their time-keeping would be unreliable.

Crime-joblessness link is disputed

By Ivor Owen, Parliamentary Correspondent

CLAIMS BY opposition MPs that rising unemployment is one of the principal causes of the increase in crime were disputed by Mr Kenneth Baker, the home secretary, in the Commons yesterday.

"I do not think you can make a simplistic connection between the two," he said.

Mr Baker, opening a debate on policing in London, emphasised that people in jobs were responsible for a large number of crimes.

Mr Roy Hattersley, shadow home secretary, argued that there was a clear correlation between unemployment and crime: "When unemployment goes up, crime goes up, and when unemployment comes down, crime comes down."

Mr Hattersley accused Mr Baker of showing very little understanding of "an obvious fact" and pressed for action to tackle the causes as well as the symptoms of crime.

He insisted that it was impossible for any holder of the office of home secretary to be the police authority for London, and reaffirmed that a Labour government would establish an elected author-

ity for the Metropolitan Police. The authority would not control police operations, but ensure that the force was sensitive to the wishes of the population it served.

Mr Hattersley also restated Labour's intention to impose a statutory duty on all local authorities to introduce crime prevention programmes.

Mr Ron Leighton (Lab Newham North-East), chairman of the cross-party employment committee, said government policies had widened the gap between the poor and the affluent and created an underclass "with little to lose by committing crime". Crime increased most where employment collapsed, and the thing that surprised him about the riots in the summer was that there had not been more of them.

Mr Terry Dicks (C Hayes and Harlington) criticised "soft policing". He said sections of Mr Baker's speech had sounded like a sociology lecture at a second-rate polytechnic.

He attacked those who, like the archbishop of Canterbury, Dr George Carey, linked riots to deprivation.

Judge warns of legal supremacy of Europe

By Robert Rice, Legal Correspondent, in Brussels

SIR GORDON SLYNN, the British judge at the European Court in Luxembourg, warned the government yesterday that it would have to comply with European law if found to be in breach of the European Commission's directive on environmental assessment.

Sir Gordon said that if the commission had made a valid directive over the halting of the seven construction projects, the European Court would be bound to rule that it overrode any decision by the British government.

Reaffirming the supremacy of European law over national law, Sir Gordon said: "It's plain as a pikestaff. I'm in agreement with saying no more surrender of sovereignty, but you cannot say no surrender of sovereignty. It's gone."

Speaking after addressing the Law Society's annual conference in Brussels, Sir Gordon said the original decision that European law must take precedence over national law was "revolutionary".

He added: "It now seems trite. It's obvious that if you are going to have a common-

nity, then national laws may have to yield."

Britain has two months to reply to the letter from the environment commissioner. If agreement cannot be reached, the matter may be taken to the European Court.

At issue is not just the question of supremacy of European law, but also whether the directive has a retrospective effect on planning applications lodged before its implementation in the UK in 1988, and if it applies to projects adopted by national legislation.

Sir Gordon - who will become a law lord in February next year - said he would not attempt to impose principles of European law on British courts, but there were some procedures that could usefully be adopted. There might be room for restricting the length of oral argument in court, for example.

He warned, however, that the European Court was not an ideal model. Delays in getting cases before the court had now reached two years and were increasing. The workload was becoming unmanageable.

Court frees auditors to release documents



THE High Court yesterday issued a ruling making Price Waterhouse, the accountancy firm, free to comply with official requests from the Bank of England and the Serious Fraud Office for information about the financial affairs of the collapsed Bank of Credit and Commerce International.

The court will give a further ruling on Monday on the extent to which Price Waterhouse is free to co-operate with a request for information from the Bingham Inquiry. The inquiry was set up by the chancellor and the Bank last July to investigate the supervision of BCCI and whether the UK authorities' action was appropriate and timely.

From June 1987, Price Waterhouse acted as auditor to BCCI. It was also part of an investigating committee set up last October to report on troublesome loans made by companies in the BCCI group. Price Waterhouse was also commissioned to report on BCCI to the Bank.

Price Waterhouse applied to the High Court for a ruling on the proper course of action that it should take when it found itself "in a dilemma" between its duty of confidentiality towards BCCI and its wish to co-operate with the authorities.

The case concerned only documents that came into existence for the purpose of the investigating committee and which BCCI and its provisional liquidators claimed were therefore subject to legal professional privilege.

After a seven-day hearing, Mr Justice Millett granted Price Waterhouse a declaration that it was not precluded from complying with notices served on it under the Banking Act 1987 and the Criminal Justice Act 1987 in the face of "privilege" claims by BCCI and Mr Christopher Morris and Mr Brian Smeeth, its provisional liquidators.

The judge said Price Waterhouse had already complied with notices served by the Bank and the SFO in July and August. Further notices had been served by the SFO this month and more are expected from the Bank.

Ps body in
NHS trust

KLAUS LUDWIG, MERCEDES DRIVER, AUTOSPORT, 3RD OCTOBER 1991

442 bhp, V8s came home in the first four places. So our condolences to Herr Ludwig, but next year we suggest he puts his foot down. And insists on driving an Audi V8.

VORSPRUNG DURCH TECHNIK.



1991 GERMAN TOURING CAR CHAMPIONS

Talks are not cheap



UK COMPANY NEWS

Cable may buy US Sprint stake

By Hugo Dixon

CABLE AND WIRELESS, the UK-based international telecommunications group, is holding talks about acquiring a 19.9 per cent stake in US Sprint, the country's third largest long distance telecommunications company.

The stake, now owned by CTE, the large US local telecommunications operator, is expected to be sold for more than \$500m (£300m).

If Cable concludes the purchase, it will strengthen its existing alliance with Sprint and create a new force in the world telecommunications industry. The talks are part of a general ferment in the industry as carriers try to form global alliances.

Senior Cable executives were holding a business planning meeting outside London yesterday. The company said it was not willing to comment on rumours and denied that there was any significance to the timing of the meeting.

In addition to Cable, other international carriers - including Germany's Deutsche Telekom, Bell Canada, France Telecom and BT - are said to have held discussions about acquiring GTE's stake. Deutsche Telekom held talks with a

Hanson puts down ICI stake as fixed asset

By Roland Rudd

HANSON, the acquisitive conglomerate, has revealed its intention to hold on to its 2.8 per cent stake in Imperial Chemical Industries by classifying it as a fixed asset.

The information was contained in its annual report for 1990, which was published last week. It also revealed that the company's fourth largest shareholder and owner of the US aggregates business Koppers, which was sent to shareholders yesterday. Hanson has made a recommended \$351.4m takeover bid for Beazer.

The news came as it was disclosed that Hanson had taken the unusual step of writing to its big shareholders outlining group strategy. The letter was described by one shareholder as "unprecedented".

Institutions had expressed concern over Hanson's managerial style. They said Hanson had failed to take account of criticisms of its corporate governance and called for changes in the running of the group, including the appointment of heavyweight independent non-executive directors.

In the letter, Mr Peter Harper, Hanson's director responsible for relations with institutional shareholders, promised shareholders a series of meetings after Hanson's full-year results are announced in December.

Hanson's offer document for Beazer, shows that long-term fixed assets have increased from £178m to £427m, with a market value of £501m. This is because of the inclusion of Hanson's ICI stake. Since it bought its 2.8 per cent stake in May they have increased from £11.88 to £12.45, valuing its total shareholding at £258.6m.

It could have been included as a marketable security. But Hanson's unaudited consolidated balance sheet for the end of June shows marketable securities to be valued at just £7m. While investments are worth £427m.

Advisers to Hanson yesterday underlined their belief that Hanson intended to hold on to the shares for the foreseeable future. There had been rumours that Hanson had ruled out making a hostile bid for ICI and had therefore intended to sell its stake.

A rights too far for sceptical City institutions

Norma Cohen examines the lacklustre reception given to Hillsdown's latest cash call

BY THE middle of last week, it was clear that Hillsdown's £280m rights offering was in trouble. Sir Harry Solomon, the charismatic chairman of Hillsdown, cancelled his holiday - as well as his finance director's plans to tour the company's Canadian businesses with City analysts - for a full frontal assault on institutional shareholders.

But despite Sir Harry's best efforts, institutions could not be persuaded to exercise their right to buy Hillsdown shares at 210p - even though the company's share price hovered above that level for days before the offer closed.

Privately, the institutions said, they realised they would be unlikely to unload their shares at the offer price immediately and were reluctant to add new shares to those they would be stuck with as underwriters.

The dismal performance of Hillsdown's rights offer is

likely to drive home the point to institutions that the decision to underwrite cannot be taken up - an accusation which all of the firms hotly deny.

At the heart of the institutional scepticism about Hillsdown lies the fact that the company has tapped the markets for cash too frequently to suit the City's liking.

At the heart of the institutional scepticism about Hillsdown lay the fact that the company has tapped the markets for cash too frequently to suit the City's liking.

Meanwhile, the deal has prompted criticism of Hillsdown's advisers, Kleinwort Benson and its stockbrokers, SG Warburg and Cazenove.

In particular, institutions

blame them for speculation the day before that as much as 70 per cent of rights would be taken up - an accusation which all of the firms hotly deny.

Sir Harry declines to criticise

his advisers, saying he will not be drawn on whether the company has been badly advised. He blames the poor showing on the fact that institutional cash positions have been wound

down by some £8bn in rights offerings since the start of the year and that several troubled offers are simultaneously outstanding.

However, he concedes that

institutions concerned about Hillsdown's frequent cash calls

have a point.

He says the company will

certainly not be asking the

City for any more money for

some years to come.

Meanwhile, institutions said

that because there was no

obvious need for a cash call

at this time the rights raised

gave the impression that Hills-

down had some "black hole" in

its balance sheet that had not

yet been spotted by analysts.

Certainly, there has been no

sign of any such weakness, but

high gearing ratios earlier in

the year encouraged a so-called

"bear raid" which drove Hills-

down's share price down

sharply.

Sir Harry also acknowledges

that the rights' stated purpose

of a series of unspecified acquisitions in the food business -

disturbed some.

"Had we actually done the rights issue in conjunction with an acquisition, people would have been happier," Sir Harry said. "I think that's a fair criticism."

In private meetings with shareholders, Sir Harry emphasised the company's determination to rid itself of its property, housebuilding and furniture businesses to focus exclusively on food.

Meanwhile, institutions declared themselves reasonably happy to hold Hillsdown shares at lower prices. Of the 70m shares left with underwriters, only 15m were sold into a pool for redistribution at cut-rate prices.

And while the shares were

initially priced for resale at

195p, strong demand sent the

price up to 201p, with institu-

tions raising their allocations

pared back due to strong

demand.

Lasso trying to acquire Ultramar 'on the cheap'

By Deborah Hargreaves

ULTRAMAR, the diversified UK oil and gas group, entered battle for its independence when it rejected the £1.7bn bid made by Lasso, the oil exploration company, on Thursday.

The Ultramar board said it considered the value of the offer "to be totally inadequate in view of the strengths of, and prospects for, Ultramar's business and the true value of its assets."

The one-for-one offer values Ultramar at 315p a share, lower than the net asset value, which city analysts put at 400p-450p. Ultramar said it believed that Lasso was trying to acquire it "on the cheap."

On Thursday, the company's share price had soared 70p to 347p. Yesterday, it gained

another 4p.

Ultramar inspires little confidence among its institutional shareholders, many of whom also hold Lasso shares. Lasso said yesterday it believed the commercial logic of the deal was being endorsed.

Market rumours of a counter-bid died down yesterday when Elf Aquitaine issued a statement denying it had plans to make a full bid.

Ultramar will issue a defence document as soon as it receives Lasso's formal offer. The company faces the prospect of radical surgery to release value for shareholders. It could break itself up into upstream and downstream parts in the way Lasso is proposing, but has always resisted this in the past.

HTV suffers £4.8m loss and plans some restructuring

By Clare Pearson

HTV, the television contractor which leased its Welsh and English stations from the beginning of 1990, yesterday revealed a pre-tax loss of £4.8m for the first half of 1991 as advertising revenues dwindled.

The loss compared with a pre-tax profit of £4.25m, and stemmed from net advertising revenue above nine per cent down at £45.6m (£50m).

However, Mr Louis Sherwood, the chairman, said the company was holding the interim dividend at 1.5p in anticipation of a return to profitability in 1992.

He told shareholders that revenues had improved since the half-year end, with September and October levels turning out "somewhat better" than previously anticipated.

Shareholders would be receiving details of some restructuring plans in a circular to be sent next Friday. That would also contain notice of the EGM made necessary by

the bidding process.

The loss of HTV's cash bid, payable on a monthly basis from the beginning of 1990, was £20.5m.

The restructuring was likely to involve cost-cutting in the main television business and also cover the clutch of non-television interests which the company had built up.

Those businesses ranged from video companies to Harlech Fine Arts, with interests in stationery and galleries, which incurred a loss in the half-year.

Mr Sherwood said the cost of that restructuring would be included as an extraordinary charge in the accounts for the full year.

As a proportion of total revenue for Independent Television, the company share remained constant at about 6.2p (6.23p) per cent during the half-year.

Total television turnover was £64.5m (£68.9m), out of which came an operating loss of £2.88m (profit £4.79m). Non-

television sources produced £16.2m (£14m) turnover and a profit of £195,000 (£167,000). Net interest payable rose to £1.6m (£1.52m).

Losses per share were 5.23p (earnings 3.25p).

COMMENT

Unlike some other companies involved in the bidding process, HTV has to be compensated for having placed its winning offer just a hair's breadth - only about 51m - above its nearest competitor.

Unless advertising picks up dramatically before Christmas, the company is set for a pre-tax loss of £1m or more for the current year but the dividend, which was cut last year, should be maintained. What really matters for all the companies is how they cope in 1992 and beyond. However, HTV is often referred to as a bid candidate from 1994, when the bar on taking over holders of the broadcasting licence is to be lifted. The shares are worth holding.

Scottish Metropolitan in the red after write-down

By Peggy Hollinger

SCOTTISH Metropolitan Property, Scotland's leading property investment company, was forced into the red last year after £11.6m of write-down and bank fees for renegotiating debt payments.

Analysts were taken by surprise by the exceptional charges and by the sharp drop in net asset value per share from 240.2p to 145.4p.

The shares, which had been weakened in recent weeks by rumours of a rights issue, plunged by 31p to close at 57p.

Pre-tax losses for the year to August 15 came to £8.37m compared with profits of £10.4m.

Mr Gordon Milne, managing director, said the disappointing result was entirely due to exceptional items. These comprised a £9.4m write-down on a development site in Bourne-mouth and the £2.2m cost of renegotiating bank agree-

ments. "This is a one-off hit," he said, adding that the group did not expect further exceptional next year.

An external valuation of the

group's property portfolio

revealed a 17.5 per cent decline

compared with the book value.

As a result of the revaluation,

the trading slowdown and

the write-downs, S.M.B. found

itself in danger of breaching

banking covenants, Mr Milne

said. However new arrange-

ments were in place, including

additional overdraft facilities.

Debt at the year end was

£201.3m, compared with

£194.6m last time, making mean-

ing of 140 per cent. Mr Milne

said the group had reduced

borrowings by about £7.8m

since August.

Net interest charges were

more than doubled to £14m (£5.6m)

as a result of completing develop-

ments.

Revenue from properties was

up by £1.7m to £18.7m. Mr

Milne said the group's letting

programme was moving forward,

although slowly.

The loss per share was 9.90p,

compared with earnings of

7.55p.

The proposed final dividend

of 1.57p (4.22p) makes a total

of 4.4p (6.75p).

The man with a soothing style aims to calm critics

John Thornhill profiles Archie Norman, who is faced with lifting the gloom at Asda

THIS week the Asda grocery chain, which is grappling with a £1bn mountain of debt and desperately trying to stage a £357m rescue rights issue, announced a piece of good news to help alleviate the gloom.

It came in the neatly-dressed form of Mr Archie Norman, the intensely ambitious 37 year-old finance director of Kingfisher, who had agreed, after much deliberation, to fill the vacant post of chief executive.

Mr Patrick Gilliam, Asda's chairman who has himself been at the company for less than a month, must have been mightily relieved when Mr Norman accepted the job just 15 minutes before the extraordinary general meeting called to discuss the rights issue.

The appointment was warmly welcomed in the City where the company's financial acumen and soothing style. But judging by the feeling at the EGM, Asda's shareholders may prove to be far harder to please.

Disappointed at the ousting of Mr John Hardman as chairman and chief executive in June, and the company's subsequent warnings of a "very significant deterioration" in profits, the assembled shareholders in the Civic Hall in Pudsey, near Leeds, seemed distinctly underwhelmed by the news. One grumbled about the arrival of "another accountant".

But Mr Norman is far from being merely another accountant; indeed the fact that he did not even qualify as one in spite of filling the role of finance director says much about his spectacular and somewhat unusual career.

After graduating from Cambridge University, where he chaired the Conservative Association, Norman worked at Citibank and McKinsey & Co. the American management consultancy. He completed an MBA degree at Harvard Business School.

In 1986 Norman left McKinsey to join Woolworth - later renamed Kingfisher - having caught the eye of the company's management during its successful defence against a takeover bid from Dixons.

Appointed finance director, Mr Norman helped establish Kingfisher's reputation as one of the most efficient and tightly run companies in the retail sector. He savvily managed City opinions - practising well the Harvard Business School adage that success equals reality minus expectations.

Analysts relate how he always had a ready answer to the stiffest question, never promising too much nor delivering too little.

Norman is already playing the same subtle game at Asda, refusing to be drawn into comments about the future of the company until he can be certain what he can achieve. He says: "Asda is a big company in clear need of new direction and impetus. It is a formidable challenge and one which I have found irresistible."

No doubt the quiet reassuring word will be whispered in the ears of influential shareholders to ensure the success of the rights issue, but in the meantime he may not be too dismayed to see analysts continuing to bewail the company's fate. "DisAsda" and the "Pudsey Chain Store Massa-



Archie Norman: a spectacular and unusual career

cre" - the titles of two recent brokers' circulars on Asda - give some flavour of current City comment.

Mr Norman's style is certainly in marked contrast to that of his predecessor, Mr Hardman, a pugacious chain-smoking Liverpoolian who quit the company in June. The tall, correct and slightly aloof Norman adopts an altogether different approach; his easy charm and refined manner speak more of an ambitious Conservative politician than an aggressive entrepreneur.

"He is single-minded and an extremely clear thinker. Very stubborn, very resolute and very straight," says a close friend.

From one perspective, Archie Norman is taking a big gamble with his so-far spotless business reputation. From

another, he has little to lose.

He becomes the youngest chief executive of a FTSE 100 company and, as one analyst argues: "He cannot go wrong. If he fails he can say it was all a hopeless situation and nothing could be done and if he succeeds he could cash in his options and retire at the age of 40 or go off and become chairman of the world."

Mr Norman's mettle and his as-yet-unknown leadership skills will certainly be tested to the full. Apart from the pressing financial needs, there are clearly serious strategic issues to be tackled.

After stealing a march on its rivals in the 1970s by moving into efficient edge-of-town superstores, Asda lost the initiative in the early 1980s. An attempt to regain momentum by buying 60 superstores from

Gateway for £704m in 1989 nearly sunk the company under the burden of debt to finance the deal.

When he joins the company some time before the end of the year, Mr Norman will quickly have to address the issues of Asda's strategy, portfolio, product offering and distribution network as well as deciding what to do with its home furnishings subsidiary, Allied Maples, and its 25 per cent investment in MFI.

Not the least of his concerns will be how to restore staff morale which has received a battering as a result of the 415 job losses which the company announced earlier this month.

It is not a situation that can be turned round overnight. And Mr Norman has to deal with all these problems in the midst of a recession while competing against formidable adversaries.

Asda's big three rivals - J. Sainsbury, Tesco and Safeway - have raised £1.4bn this year to invest in expansion. Asda's rights issue proceeds can only be used to keep its bankers sweet.

If Norman seeks inspiration he could perhaps find it from an unlikely source: the revival of the rival Tesco.

One Scottish fund manager recalls that a decade ago Tesco's chairman, Ian MacLaurin, came up to Edinburgh to give a presentation on the then-struggling company's prospects.

"I can remember MacLaurin saying that Tesco was going to be the company to watch in the 1990s. He had all of us rolling around in our seats laughing. 'You'll never catch up Asda,' we said. But look where they both are now."

Chesterfield hit by interest

Chesterfield Properties results for the six months to June 30 showed a sharp decline in pre-tax profits from £7.64m to £2.27m, after a surge in interest charges.

However, rental income for the period was up 17.5 per cent at £16m (£13.61m) and profit before tax and interest increased from £11.31m to £12.4m. Turnover was £2m higher at £18.4m.

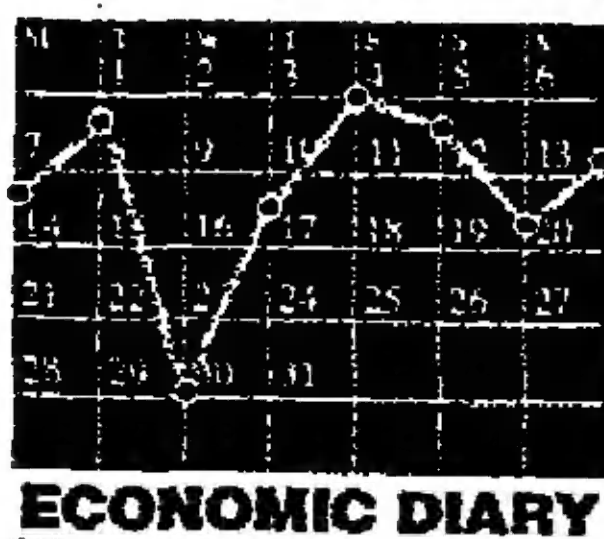
Interest increased by £8.5m to £10m as a result of ceasing to capitalise interest on the developments at Five Acres Square, London EC and the Wheatsheaf Centre, Rochdale.

The company took this step, as foreshadowed in the last annual report, in response to poor market conditions.

After a net loss of £665,000 (£2.34m) earnings per share emerged at 0.75p (21.1p).

The interim dividend has been maintained at 7p.

Prices for shares determined for this purpose by the official closing price in the London Stock Exchange on the day of the dividend or interest payment			
Share Price	Dividend	Interest	Yield
100	10.00	10.00	10.00
110	11.00	11.00	11.00
120	12.00	12.00	12.00
130	13.00	13.00	13.00
140	14.00	14.00	14.00
150	15.00	15.00	15.00
160	16.00	16.00	16.00
170	17.00	17.00	17.00
180	18.00	18.00	18.00
190	19.00	19.00	19.00
200	20.00	20.00	20.00
210	21.00	21.00	21.00
220	22.00	22.00	22.00
230	23.00	23.00	23.00
240	24.00	24.00	24.00
250	25.00	25.00	25.00
260	26.00	26.00	26.00
270	27.00	27.00	27.00
280	28.00	28.00	28.00
290	29.00	29.00	29.00
300	30.00	30.00	30.00
310	31.00	31.00	31.00
320	32.00	32.00	32.00
330	33.00	33.00	33.00
340	34.00	34.00	34.00
350	35.00	35.00	35.00
360	36.00	36.00	36.00
370	37.00	37.00	37.00
380	38.00	38.00	38.00
390	39.00	39.00	39.00
400	40.00	40.00	40.00
410	41.00	41.00	41.00
420	42.00	42.00	42.00
430	43.00	43.00	43.00
440	44.00	44.00	44.00



FT-ACTUARIES SHARE INDEX

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday October 18 1991										Highs and Lows Index									
	Index	Day's Change	Est. Earnings	Gross Dividend	Ext. P/E Ratio	Yield (%)	100 Index	100 Index	100 Index	100 Index	1991 High	1991 Low	1991 High	1991 Low	1991 High	1991 Low	1991 High	1991 Low	1991 High	1991 Low
1 CAPITAL GOODS (132)	825.54	-0.1	9.34	5.88	13.38	30.83	826.44	822.01	823.09	799.03	890.04	15.7	675.31	146.1	1038.07	167.07	50.71	1312.74		
2 Building Materials (123)	995.95	-0.5	7.58	6.25	17.35	41.32	1000.97	993.52	996.74	963.31	1167.75	14.3	911.64	16.1	1381.08	167.87	44.27	1112.74		
3 Consumer Goods (131)	1065.83	-0.2	8.77	6.84	15.99	49.81	1068.11	1060.48	1075.47	1157.23	1438.66	15.5	1051.83	23.1	1951.50	167.87	71.48	1122.74		
4 Electronics (125)	2534.05	-0.2	6.62	5.21	14.69	64.23	2533.11	2517.95	2537.95	2862.59	2678.40	11.0	1817.28	22.1	3040.50	167.87	84.71	225.68		
5 Engineering - Aerospace (8)	1757.43	-0.2	10.80	5.42	11.63	50.62	1761.81	1758.10	1768.58	1936.50	1952.19	15.3	1478.08	16.7	2388.22	167.87	122.01	110.08		
6 Engineering - General (43)	356.77	-0.1	15.59	7.23	7.74	16.46	356.71	354.48	355.62	416.82	469.23	9.4	354.48	16.10	502.42	136.70	354.48	151.01		
7 Metals and Metal Forming (9)	389.69	-0.1	9.08	5.18	12.37	16.55	389.55	389.53	390.17	361.20	503.16	2.10	339.57	23.1	505.10	156.10	339.57	231.71		
8 Motors (12)	438.06	-0.1	15.01	8.09	8.09	17.48	437.65	432.22	427.89	401.77	509.18	3.4	381.44	16.1	596.67	110.07	49.65	6.17		
9 Other Industrial (22)	246.90	-0.1	6.05	4.94	19.99	14.65	247.90	247.66	248.73	237.25	371.25	6.9	246.43	16.1	411.42	131.07	19.51	6.17		
10 Other Industrial (22)	246.90	-0.1	6.05	4.94	19.99	14.65	247.90	247.66	248.73	237.25	371.25	6.9	246.43	16.1	411.42	131.07	19.51	6.17		
21 CONSUMER GROUP (10)	1568.42	-0.1	7.29	5.55	16.98	33.59	1568.10	1564.91	1564.44	1301.03	1590.33	6.9	1185.45	16.1	1590.33	167.87	61.41	1312.74		
22 Brewers and Distillers (22)	1957.20	-0.1	7.87	5.44	15.46	38.33	1946.36	1933.50	1931.48	1504.46	1957.20	18.10	1478.24	25.1	1957.20	167.87	69.47	1312.74		
23 Food Manufacturing (19)	1217.84	-0.1	9.31	4.11	13.26	29.98	1215.80	1206.77	1205.03	1007.53	1251.91	2.10	1013.60	16.1	1251.91	167.87	59.67	1122.74		
24 Food Retailing (17)	2478.97	-0.1	8.87	3.28	14.72	50.36	2480.53	2470.47	2484.73	2358.53	2854.91	2.5	2259.52	2.1	3254.91	167.87	54.25	1112.74		
25 Textiles (12)	1615.58	-0.1	5.31	4.05	15.18	56.92	1613.04	1602.72	1606.39	1382.85	1695.25	2.9	1147.76	16.1	1606.39	167.87	27.55	151.01		
26 Hotels and Leisure (24)	1356.94	-0.1	7.51	5.19	16.46	45.61	1337.30	1323.92	1331.20	1194.60	1405.62	2.9	1064.91	25.1	1405.62	167.87	54.25	1112.74		
27 Media (26)	1547.10	-0.1	6.96	4.59	18.78	44.30	1545.42	1541.92	1538.83	1305.83	1565.67	2.10	1164.91	16.1	1565.67	167.87	61.41	1312.74		
31 Packaging Paper & Printing (17)	1018.07	-0.1	7.37	4.28	16.48	22.51	1017.74	1014.74	1012.42	862.49	1082.41	9.9	886.96	16.1	1082.41	167.87	43.46	6.17		
34 Stores (13)	1217.84	-0.1	7.31	3.64	17.94	19.48	1215.80	1206.77	1205.03	1007.53	1251.91	2.10	1013.60	16.1	1251.91	167.87	59.67	1122.74		
35 Utilities (19)	1537.20	-0.1	7.25	4.05	16.98	66.02	1535.77	1527.34	1531.74	1382.85	1695.25	2.9	1147.76	16.1	1606.39	167.87	27.55	151.01		
40 OTHER GROUPS (10)	1228.30	-0.1	6.04	3.04	13.64	35.79	1227.28	1222.53	1221.71	967.84	1330.48	2.10	961.05	16.1	1330.48	167.87	58.63	6.17		
41 Business Services (12)	1412.94	-0.1	5.75	4.62	16.46	34.95	1405.54	1400.25	1401.75	1140.75	1447.24	1.10	892.28	1.2	1447.24	167.87	89.28	1.10		
42 Chemicals (21)	1454.91	-0.1	6.93	4.97	17.81	48.39	1445.86	1445.29	1456.19	1301.93	1520.52	2.9	1001.01	16.1	1520.52	167.87	71.20	1122.74		
43 Conglomerates (10)	1515.85	-0.1	6.94	4.93	16.98	38.76	1513.95	1508.42	1498.78	1322.39	1525.42	14.3	1173.07	16.1	1525.42	167.87	97.53	101.01		
44 Insurance (10)	1515.85	-0.1	6.94	4.93	16.98	38.76	1513.95	1508.42	1498.78	1322.39	1525.42	14.3	1173.07	16.1	1525.42	167.87	97.53	101.01		
45 Electricity (16)	1252.34	-0.1	6.03	5.20	9.30	27.53	1242.92	1239.91	1231.30	1000.00	1286.51	2.10	994.96	7.1	1286.51	167.87	994.96	7.1		
46 Telephone Networks (4)	1567.57	-0.1	8.46	3.87	13.49	28.34	1567.15	1565.52	1575.72	1055.61	1658.67	2.10	1085.93	16.1	1658.67	167.87	517.72	101.01		
47 Water (10)	2399.86	-0.1	5.72	6.41	10.80	118.77	2397.75	2372.45	2384.88	1919.24	2535.85	6.9	2134.83	16.1	2535.85	167.87	1820.21	1.10		
48 Miscellaneous (23)	1887.39	-0.1	12.02	5.22	26.49	44.31	1881.85	1874.99	1889.25	1646.87	2033.42	15.8	1506.17	16.1	2033.42	167.87	60.39	6.17		
49 INDUSTRIAL GROUP (10)	1225.30	-0.1	8.44	4.47	14.95	34.28	1224.70	1221.39	1222.29	1009.46	1256.69	6.9	991.97	16.1	1256.69	167.87	59.67	1122.74		
51 Oil & Gas (20)	2470.26	-0.1	10.49	5.57	12.60	93.60	2469.83	2474.96	2461.88	2293.77	2506.42	2.10	2101.45	21.1	2506.42	167.87	25.29	2.10		
52 SOA SHARE INDEX (50)	1397.09	-0.1	8.61	4.61	14.61	38.99	1391.61	1382.87	1381.30	1114.77	1425.90	2.9	1092.04	16.1	1425.90	167.87	63.49	1312.74		
61 FINANCIAL GROUP (11)	797.96	-0.2	5.86	4.27	14.4	31.43	796.19	792.52	793.67	687.00	859.46	15.3	687.36	16.1	859.46	167.87	55.88	1312.74		
62 Banks (7)	941.92	-0.1	4.42	3.68	42.74	37.46	941.92	939.57	942.97	731.90	980.15	4.9	695.08	16.1	980.15	167.87	90.15	6.9		
63 Insurance (11)	1478.64	-0.1	5.73	4.62	16.46	34.95	1474.44	1466.49	1467.40	1244.60	1492.53	4.9	1220.74	16.1	1492.53	167.87	44.88	2.10		
64 Insurance (Composite) (6)	1067.17	-0.1	7.24	4.05	16.98	38.76	1065.36	1060.54	1061.54	899.25	1125.77	15.3	972.52	16.1	1125.77	167.87	43.96	1312.74		
65 Insurance (Broken) (9)	1129.20	-0.1	7.28	6.00	18.00	43.14	1127.00	1119.50	1125.64	844.63	1202.38	5.4	938.28	23.1	1202.38	167.87	65.86	1312.74		
66 Merchant Bank (17)	475.68	-0.1	6.03	3.18	13.49	13.91	471.53	470.19	469.84	345.41	483.38	11.0	312.71	16.1	483.38	167.87	31.21	1.10		
67 Property (36)	903.36	-0.1	5.15	2.31	23.78	920.63	922.53	921.05	926.26	1087.65	1553.15	3.7	1398.87	5.9	1553.15	167.87	56.01	204.16		
70 Other Financial (11)	261.72	-0.1	10.95	7.02	11.47	10.86	261.95	261.00	258.86	246.27	299.63	33.3	236.37	16.1	299.63	167.87	33.29	1312.74		
71 Investment Trusts (17)	1235.91	-0.1	3.49	2.72	12.13	48.12	1234.19	1229.64	1231.33	1001.16	1261.89	6.9	997.19	16.1	1261.89	167.87	51.72	101.01		
99 ALL-SHARE INDEX (661)	1252.83	-0.1	4.74	3.63	12.48	12.48	1252.83	1248.78	1241.92	1010.12	1284.07	6.9	997.19	16.1	1284.07	167.87	61.92	1312.74		

FT-SE 100 SHARE INDEX 2601.1 -12.4 (2601.1) 2594.71 2588.71 2579.01 2576.71 2574.51 2555.01 2089.01 2679.6 2.9 2054.8 16.1 2679.6 2.9 986.9 23.7 84

FIXED INTEREST

PRICE INDICES	Fri Oct 18	Day's Change	Thurs Oct 17	Accrued Interest	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index	100 Index
British Government																				
1 Up to 5 years (17)	121.70	+0.09	121.60	1.56	10.20															
2 5-15 years (28)	133.41	+0.09	133.29	1.21	11.84															
3 Over 15 years (8)	142.55	+0.07	142.45	2.13	10.60															
4 Investment (6)	159.78	+0.08	159.66	4.21	8.93															
5 All stocks (59)	132.12	+0.09	132.01	1.45	11.29															
Index-Linked																				
6 Up to 5 years (12)	166.15	+0.04	166.07	0.20	3.16															
7 Over 5 years (9)	149.14	+0.12	148.97	0.60	3.83															
8 All stocks (11)	150.36	+0.11	150.20	0.54	3.81															
9 Debt & Loans (60)	113.06	-0.14	113.22	2.12	8.53															

8:00pm Index 2585.5; 9 am 2589.0; 10 am 2585.8; 11 am 2591.2; Noon 2590.0; 1 pm 2589.3; 2 pm 2594.9; 3 pm 2594.8; 4 pm 2600.1; 5 pm 2600.1; 6 pm 2600.1; 7 pm 2600.1; 8 pm 2600.1; 9 pm 2600.1; 10 pm 2600.1; 11 pm 2600.1; 12 pm 2600.1

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/12/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Health/Household Products	31/12/80	267.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Other Financial	30/12/77	261.77	All Other	10/6/62	100.00
Engineering - General	29/12/89	886.00	Debt & Loans	31/12/70	128.20	Debt & Loans	31/12/70	100.00
Water	31/12/89	1968.45	Industrial Group	31/12/70	128.20			
Commodities	31/12/86	1114.07	Other Financial	31/12/70	128.20			

Flt. yield. A list of constituents is available from the Publishers, The Stock Exchange, Number One, Seething Lane, London EC3N 3AF. The 1000 SHARE INDEX is available from FINSTAT, 1000

INTERNATIONAL COMPANIES AND FINANCE

KLM and British Airways open co-operation talks

By Paul Abrahams

KLM Royal Dutch Airlines has started negotiations with British Airways, it announced yesterday. The Dutch carrier said it was discussing a range of possible areas of collaboration, but gave no further details.

The announcement follows a television report in the Netherlands that the two groups were considering a full merger.

KLM's shares have been heavily traded in recent days, and the airline may have been forced to make the announcement by the Amsterdam Stock Exchange, suggest industry sources.

BA refused to comment on a possible deal between the groups. However, a deal with KLM would fit into the stated policy of Lord King, BA's

chairman, to create a global airline. Links between the two companies could create the world's largest cargo carrier, and would offer the two companies further access to Schiphol and Heathrow airports, two of Europe's busiest hubs.

KLM also owns 20 per cent of Northwest Airlines, the loss-making Minneapolis carrier with which BA has been reported to be holding strategic talks. Northwest is one of the last significant US carriers that does not directly compete with BA. It would be able to feed traffic from its domestic hub-and-spoke networks and provide access to its Pacific routes.

Analysts played down the talks last night, pointing out

that BA had been in a series of similar negotiations with United Airlines of the US as well as Sabena, the Belgian carrier. All had failed. KLM said it was impossible to say what the outcome of the discussions might be.

Further announcements would be made as soon as developments warranted them, said the company.

Any close association would have to be cleared by the European Commission, which earlier this year barred a joint venture between BA, KLM and Sabena.

BA's shares closed down 1p at 205p. KLM closed, after heavy trading, up 90 cents at F138, off an early high of F139.5. *Lex. Page 22*

Quarterly loss likely at Chiquita Brands

By Nikki Tait in New York

SHARES in Chiquita Brands, the Cincinnati-based food group and the world leader in sourcing and distribution of bananas, fell sharply yesterday morning after the group announced it was likely to make a third-quarter loss.

However, they rallied somewhat when Chiquita, which earlier this year expressed interest in buying the Del Monte business of Britain's Polly Peck, confirmed that it still expected to meet analysts' expectations of earnings per share of \$2.50 for the year overall. Chiquita said the third-quarter loss should be between 1 cent and 9 cents, or around 44c at the upper end.

The company offered no explanation for the deficit, but pointed out that it makes the bulk of its profits in the first six months of the year. Analysts had predicted a break-even position in the second half. Mid-morning Chiquita's shares were trading down 52c at \$4.05.

Meanwhile, at Kellogg, the large Michigan-based food group, there was news of a modest 6.2 per cent profit improvement in the third quarter, at \$17.4m after tax. Sales were 11.4 per cent higher at \$1.51bn.

The company warned that "extremely competitive conditions, particularly in the US, necessitated an increased investment in marketing". It said there would be a further increase in the fourth quarter.

Kellogg has been under intense pressure in the domestic cereals market from private competitors, including General Mills, its big US rival, although its international operations have tended to fare better.

The company also announced yesterday that its chairman and chief executive, Mr William LaMonte, planned to retire at the end of December. He will be 65 this month. Mr LaMonte will be replaced by Mr Arnold Langbe, who is currently the company's chief operating officer.

Banco di Napoli sets offer price

By Martin Dickson in New York

BANCO di Napoli has fixed the price of its previously announced offer of 100m ordinary shares at L4,000 per share. The offer begins on November 16, agencies report.

The bank also reported first-half gross operating profits of 20.1 per cent at L3,041bn (\$240.5m).

Of the new share issue, 25m are to be offered abroad, with the rest being offered to shareholders on a one-for-five basis.

Hewlett plans charge for staff cuts

By Louise Kehoe in San Francisco

HEWLETT-PACKARD, the US computer manufacturer, will take a charge of 40 cents a share in the current quarter to cover costs of a voluntary severance programme under which nearly 3,000 people have left the company.

Analysts estimate that the charge will total around \$160m before tax. Previously, HP had projected a charge of 15 to 20 cents per share.

HP's cost-cutting moves mirror those of other leading US computer manufacturers, including International Business Machines and Digital Equipment. Both are reducing employment through voluntary schemes.

Comer Peripherals, the lead-

ing supplier of disk drives to the computer industry, this week laid off 800 people, or about 8 per cent of its workforce. The move affects plants in California, Singapore and Ireland.

HP said yesterday more employees than expected had accepted voluntary redundancy, and charges would also cover costs of consolidating its facilities, relocations and related expenses.

With fewer people and improved productivity, the company, headed by chief executive Mr John Young (pictured), has also reduced space requirements. "The savings during fiscal 1992 from these initiatives will be more than off-

set their cost in this fourth quarter, and we'll continue to see these benefits over the longer term," said Mr Robert Wayman, chief financial officer.

Some 2,850 US employees accepted the incentives to leave the company, and additional employees will be leaving as a result of smaller programmes outside the US.

Those departing represent some 3 per cent of HP's 91,300 worldwide workforce.

HP has been consolidating the administrative activities of its sales force and reducing the facilities required to house them. The moves are part of a plan to cut field-selling costs and respond to the increasing portion of HP's computer sales



made through third-party distribution channels.

Nobel Industries SKr1.5bn in red

By John Burton in Stockholm

NOBEL Industries, the Swedish chemicals and defence group, reported a SKr1.5bn (\$245m) loss in earnings after extraordinary items for the first eight months of 1991. The deficit follows the crash of its finance company subsidiary, Gamlestad.

Nobel, which made a comparable profit of SKr1.2bn a year ago, was forced to write off SKr1.8bn of its equity in Gamlestad, which collapsed in August after bad property loans exhausted its capital.

Profits after financial items fell by 56 per cent, to SKr553m,

due to lower income from its share investment portfolio and increased interest payments.

Nobel predicted that earnings after financial items for the year would decline by 80 per cent, to around SKr700m.

Sales during the eight-month period rose slightly, by 1.5 per cent, to SKr2.82bn, while operating profits increased by 26 per cent to SKr1.71bn.

Operating earnings for its

adhesive and paints group, the company's largest division with sales of SKr5.5bn, rose by 12 per cent to SKr231m. Although sales of chemicals for

the pulp and paper industry rose 51 per cent to SKr2.8bn, operating profits fell 56 per cent to SKr10m due to heavy investment spending.

A consortium of Swedish banks, led by state-controlled Nordbanken, is expected to take formal control of Nobel next week, as part of a SKr5bn financial package to rescue the company from threatened bankruptcy.

Nobel will have shareholders' equity of SKr5.5bn after the financial restructuring, with an equity-asset ratio of 17.9 per cent.

Heavy deficit at Texas Instruments

By Louise Kehoe

TEXAS Instruments, the US semiconductor and electronics manufacturer, reported heavy losses for its third quarter. The losses stem in part from a \$55m charge to cover the costs of a voluntary redundancy programme for US employees.

The company announced plans to begin "aggressive" programme of layoffs to reduce costs and streamline international operations.

Revenues for the third quarter were \$1.68bn, compared with \$1.68bn in the same period last year. Losses for the quarter totalled \$133m, or \$1.45 per share, against a loss of \$7m, or 19 cents, in the third quarter of 1990.

TI's plans for 1991 were based on projections of a strengthening of the world semiconductor market in the second half of the year, supported by an increase in computer demand, said Mr Jerry Junkins, TI chairman, president and chief executive.

"However, the major electronic end-equipment markets, particularly computers, remain weak, and we now expect world semiconductor market growth in 1991 to be less than we projected."

In view of continuing market weakness, TI planned to further reduce employment with layoffs, primarily in its international operations, Mr Junkins said.

For the first nine months of 1991, TI reported revenues of \$5.03bn, up 5 per cent from the same period last year. Net losses for the first three quarters were \$324m, compared with net income of \$71m.

Results for the first nine months of 1991 include pre-tax charges of \$185m. Results for the 1990 period include a pre-tax gain of around \$15m from the sale of a photomask operation.

Christiania warns on equity

By Karen Fosell in Oslo

CHRISTIANIA Bank, Norway's second biggest bank, warned that it needs between Nkr5bn and Nkr6bn (\$900m) in new core capital to meet the 8 per cent capital adequacy required by Norwegian law in 1992.

Trading in the bank's shares was suspended on the Oslo bourse on Monday because Christiania said it had lost its equity, including preference capital, and that it faced technical insolvency.

On Thursday, the Norwegian government announced a Nkr1.5bn package of measures designed to prop up the

country's ailing bank sector. Some Nkr5bn of this will be allocated to the state-owned bank insurance fund, which has about Nkr2.5bn in capital after supporting two earlier bank rescues.

Christiania reported an operating loss of Nkr1.7bn for the third quarter of this year. It estimated that operating losses for the first nine months would reach Nkr7.2bn, after provisions for credit losses and loan-loss reserves known as the *enloek* fund.

By comparison, in the first eight months of 1990 the

bank reported a net loss of Nkr123m.

Credit-loss provisions for the third quarter were put at Nkr1.9bn, bringing actual and estimated losses on loans and guarantees by September 30 to Nkr3.8bn.

The bank blamed the high loan losses during the quarter on changes in accounting principles relating to loan losses and provisions for future loan losses, a review of loss-exposed and non-performing loans, and an increase in the loss provisions relating to a few large non-performing loans.

South African retailers unveil R89.1m link-up

A DEAL between three South African groups is set to create the country's biggest mass-market retailer, with a turnover of R7bn (\$2.5bn), writes Philip Gwath in Johannesburg. Pepkor will pay R89.1m for a 50 per cent stake in Tridoheld and a 32 per cent direct stake in Cashbuild.

The terms of the deal were announced yesterday after agreement in principle was reached last month. The vendor is Sankorp, the industrial arm of the Sanlam insurance group.

Tradehold controls Tradegroup, whose principal assets include the Checkers supermarket chain, with about 170 outlets and a turnover of R3.5bn; Greeters department stores; Consprom and cash assets of about R15m following a recent R61.3m rights issue.

Successive Checkers managements have failed to make it consistently profitable, and achieving a turnaround here is Pepkor's main task.

Parents asked to change European nappy deal

By Andrew Hill in Brussels

PROCTER & Gamble, proud US parent to a nappies joint venture with the Italian group Finaf, has been asked to change the diapers agreement it signed more than a year ago. The European Commission has found it would restrict competition in the growing EC market for sanitary protection products.

The original deal - suspended by the Commission last November - would have involved partitioning the Ecu5.5bn (\$6.5m) EC market. Joint ventures in Italy, Portugal and Spain would have manufactured and sold products to southern member states, while Procter & Gamble would have concentrated on the north.

Finaf has now agreed not to sell its US nappies subsidiary, Swaddlers, to Procter & Gamble, and the Commission has insisted that the southern joint ventures should be able to produce and market their prod-

ucts all over the EC, fixing prices and sales conditions "as they see fit". At the same time, customers in Italy, Spain and Portugal will be able to buy from Procter & Gamble companies in the north.

The parenthood of the Spanish and Portuguese joint ventures has also been clarified. Instead of the new companies being jointly managed, Procter & Gamble and Finaf will take it in turns to look after their new offspring in Spain and Portugal. Only the most important decisions will be taken by both parents.

Baby nappies absorb about Ecu3bn of the EC sanitary products market, with a further Ecu1.2bn taken by sales of sanitary towels. The fastest growing sector, according to the Commission, is adult incontinence products, on which the Community currently spends some Ecu500m a year.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year on year	High 1991	Low 1991
Gold per troy oz.	\$360.0	+1.95	\$372.5	\$392.25	\$353.65
Silver per troy oz.	239.3p	+2.6	216.75p	290.50	183.35p
Aluminium 99.7% (cash)	\$1200.5	+8.0	\$1187.5	\$1170	\$1099.5
Copper Grade A (cash)	\$1382.5	+1.0	\$1382.5	\$1412	\$1241.0
Lead (cash)	\$204.25	+1.75	\$204.5	\$205.5	\$192.5
Nickel (cash)	\$737.5	+12.0	\$692.5	\$692.5	\$737.5
Cocoa (cash)	\$398.5	-3.0	\$1377.5	\$1430	\$398.50
Tin (cash)	\$3592.5	+35.0	\$3592.5	\$3592.5	\$3592.5
Zinc futures (Mar)	\$737	-27	\$737	\$737	\$737
Sugar (LDP Feb)	\$264	-27	\$264	\$264	\$264
Barley futures (Jan)	\$117.80	-0.35	\$117.75	\$121.50	\$107.75
Wheat futures (Jan)	\$122.10	-0.30	\$122.10	\$122.10	\$122.10
Cotton Outlook A Index	\$7.70	-0.7	\$7.70	\$7.70	\$7.70
Wool (late Super)	\$47.0	+12	\$47.0	\$47.0	\$47.0
Oil (Brent Blend)	\$22.55z	+0.675	\$22.55	\$22.55	\$16.75

Per tonne unless otherwise stated. *Unquoted, p=per cent, c=cents, lb=lb, z=dec.

London Markets

SPOT MARKETS	Latest prices	Change on week	Year on year	High 1991	Low 1991
Crude oil (per barrel FOB)	+ or -				
Dutal	\$18.00-6.10z	+0.15			
Brent Blend (dated)	\$22.90-3.00	+1.75			
Brent Blend (Dec)	\$22.60-4.00	+0.20			
Palladium (per troy oz)	\$22.00-3.80z	+3.75			
Oil products					
(NWE prompt delivery per tonne CIF)	+ or -				
Premium Gasoline	\$226-228	+2			
Gas Oil	\$229-230	+1.5			
Heavy Fuel Oil	\$24-26	+1.5			
Naphtha	\$222-228	+1			
Petroleum Argus Estimates					

SUGAR - London FPOX (\$ per tonne)

Raw	Close	Previous	High/Low
Dec	200.00	198.00	193.00 192.00
Mar	191.00	192.40	194.00 190.00
May	189.00	191.00	198.00 188.00
Oct	200.00	200.00	196.00
White	Close	Previous	High/Low
Dec	285.5	285.5	286.0 285.0
Mar	280.0	281.5	283.0 278.5
May	280.0	282.0	282.0 278.5
Aug	281.0		
Oct	280.0		280.0 267.5
Dec	286.5		286.0
Turnover: Rev 213 (417) lots of 50 tonnes.			
White 1620 (1049)			
Paris: White (FF per tonne) Dec 1980, Mar 1981			

CRUDE OIL - IPE \$/barrel

Rate	Close	Previous	High/Low
Dec	22.58	22.42	22.68-22.47
Jan	22.25	22.09	22.30-22.18
Feb	21.90	21.72	21.95-21.85
Mar	21.50	21.35	21.60-21.50
Apr	21.20	21.08	21.25-21.20
May	20.98	20.70	20.80
Jun	20.98	20.70	20.80
Turnover: 1700 (2233)			
GAS OIL - IPE \$/barrel			
Dec	22.45	22.30	22.50-22.37
Jan	22.00	21.85	22.00-21.80
Feb	21.75	21.55	21.75-21.55
Mar	21.50	21.30	21.50-21.30
Apr	21.25	21.05	21.25-21.05
May	21.00	20.80	21.00-20.80
Jun	20.75	20.55	20.75-20.55
Turnover: 14705 (16018) lots of 100 tonnes			

JUTE

White pepper prices continued to strengthen this week as the extremely long dry spell in Indonesia pushed prices to a level of about US\$1,400-1475 a tonne, which means a rise of some \$300 compared with 2 months ago, reports Max Products. The former market also reacted in more activity. The black pepper market is also showing signs of improvement, with prices rising from \$1,000 to \$1,100 a tonne in a matter of days. The price of Brazil black pepper rose from \$850 to \$1,050 a tonne.

COCOA - London FPOX \$/tonne

	Close	Previous	High/Low
Dec	780	788	780-785
Mar	797	802	808-796
May	820	825	831-817
Jul	842	848	854-841
Sep	853	870	875-863
Dec	888	893	898-886
Mar	912	916	922-911
Jul	948	968	968-947
Sep	988		976-985

Turnover \$198 (\$162) lots of 10 tonnes
\$100 indicator prices (\$DPA per tonne). Daily
price for Oct 17 \$953.38 (\$45.71) 10 day average
for Oct. 18 \$972.82 (\$73.55)

COMFUEL - London FOC **Shorne**

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lower on US rate talk

THE DOLLAR was lower yesterday as dealers continued to speculate about an early reduction in US interest rates and as the boost given by the recent Group of Seven meeting faded.

Over the past fortnight, there has been a growing body of evidence which suggests that the US is not pulling out of recession. This has encouraged speculation about an easing in monetary policy.

But speculation was interrupted when the G7 finance ministers met in Bangkok. Their communiqué made no mention of the need for the dollar to be lowered and this gave the US currency a boost earlier in the week.

By the close of trade yesterday, however, the dollar had given up all those gains and was firmly back to the trading range of the last three months. The Treasury bond market and Wall Street have reacted positively to the hopes of lower rates. So far there have

been few signs of foreign investors moving into US securities and the dollar has languished. The Federal Reserve left interest rates unchanged, but the market operations, which supported money rates, if the Fed moves, it is expected to lower the Fed funds rate by 1/4 point to 5 per cent.

The dollar closed lower at DM1.6885 from DM1.7035; at SF1.4755 from SF1.4885; at Y129.80 from Y129.80; and at FF5.7575 from FF5.8025.

The yen was weaker after Mr. Kiichi Miyazawa, the former Japanese finance minister who is being widely mentioned as the next prime minister, said that the Japanese economy "is in bad shape".

The yen fell against the mark amid growing speculation that the French franc was at the bottom of the trading range of the last three months. The D-Mark closed at Y76.81 from Y76.21.

However, the yen remained broadly steady against the dollar following the decision at the G7 meeting to lower the dollar/yen rate to curb Japan's growing trade surplus with the US.

Sterling was steady after the latest batch of weak monetary data failed to revive talk about a cut in UK interest rates. The Bank of England's intervention last week at DM2.90 has provided support for the pound.

Sterling closed unchanged at DM2.9125; and at SF2.5450; and rose to Y233.75 from Y233.00; and to FF5.9225 from FF5.9250. Sterling's index rose 0.2 to 90.4.

Within the ERM, the Spanish peseta remained at the top of the grid following the indications earlier in the week from the Bank of Spain that inflation would continue to fall in the coming months.

The French franc was at the bottom of the trading range of the last three months. The franc was steady against the D-Mark, on relief that it was not a 1/4 point cut.

C IN NEW YORK

	Oct 18	Oct 19	Oct 20
Gold	1,250.10	1,250.10	1,250.10
Silver	17.50	17.50	17.50
Platinum	1,250.10	1,250.10	1,250.10
Palladium	1,250.10	1,250.10	1,250.10

STERLING INDEX

	Oct 18	Oct 19	Oct 20
London	90.4	90.4	90.4
Edinburgh	90.4	90.4	90.4
Glasgow	90.4	90.4	90.4
Manchester	90.4	90.4	90.4
Newcastle	90.4	90.4	90.4

CURRENCY MOVEMENTS

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

CURRENCY RATES

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

OTHER CURRENCIES

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

FORWARD RATES

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

MONEY MARKETS

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

STABLE UK RATES

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
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French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

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Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

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Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
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German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

UK clearing bank base lending rate

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

FINANCIAL FUTURES AND OPTIONS

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

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US Dollar	90.4	90.4	90.4
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French Franc	90.4	90.4	90.4
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US Dollar	90.4	90.4	90.4
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French Franc	90.4	90.4	90.4
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German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

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Italian Lira	90.4	90.4	90.4

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French Franc	90.4	90.4	90.4
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	Oct 18	Oct 19	Oct 20
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French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
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French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

	Oct 18	Oct 19	Oct 20
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Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4
Japanese Yen	90.4	90.4	90.4
German Mark	90.4	90.4	90.4
French Franc	90.4	90.4	90.4
Italian Lira	90.4	90.4	90.4

	Oct 18	Oct 19	Oct 20
US Dollar	90.4	90.4	90.4</

LONDON STOCK EXCHANGE

Footsie index breaches 2,600 barrier

By Daniel Green

THE FT SE-100 index of the UK's top 100 shares climbed past the 2,600 mark yesterday for the first time in more than two weeks. Turnover was light and advances were patchy, with several casualties apparent in leading shares.

Much of the strength came from New York, where the Dow Jones Industrial Average tested new highs in early trading. Some UK equity strategists reinforced the late rise by declaring themselves to be bulls of the London market.

Before the last hour of business, trade had been characterised by a gentle two-way pull between bulls and bears.

The prospect of a bid battle over Ultramar was counterbalanced by the failure of the Hillsdown rights issue and the collapse of takeover specu-

Account Dealing Dates	First Dealing	Second Dealing	Third Dealing
First Dealing	Oct 14	Oct 28	Nov 7
Second Dealing	Oct 21	Oct 25	Nov 18
Third Dealing	Oct 28	Nov 11	Nov 18

*New share deals may take place from 10.30 am two business days earlier.

tion in another oil stock, Burmah. Ultramar continued to rise beyond the value of the bid from Lasso, indicating that a higher offer could be on its way.

Meanwhile, the sale by Dutch group SHV of its stake in Burmah put an end to one of the longest-running bid rumours on the London stock market.

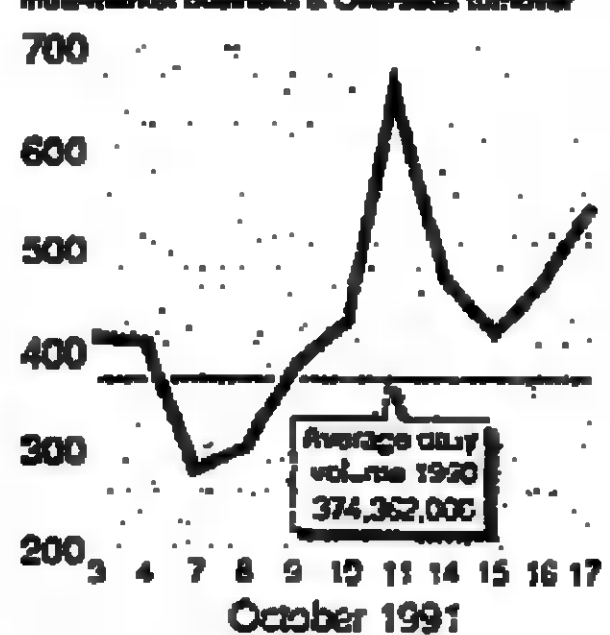
More than half the Hillsdown rights issue was left in the hands of the underwriters, and the shares weakened in response. But the failure of the issue was, paradoxically, seen as a sign of better times to come by some analysts. "We got off to a difficult start to the quarter; there was a bunching of rights issue and problematic ones at that," said Mr George Hodgson at S.G. Warburg.

He said that although institutions' cash level had fallen in recent months, at least half still had significantly more cash than the average over the last 10 years.

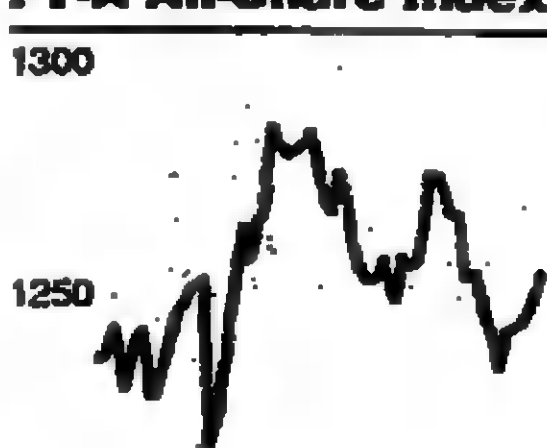
Investors looking for clues found few in the latest set of money supply figures released yesterday. The ambivalent signals from a small rise in M0 and a fall in M4 left little

changed in tight trading. Mr Paul Walton at James Capel explained that any evidence of recovery would be first apparent through a rise in consumer spending rather than bank lending. He said consumer savings were historically high and that evidence of a return to the high street should be apparent within two months.

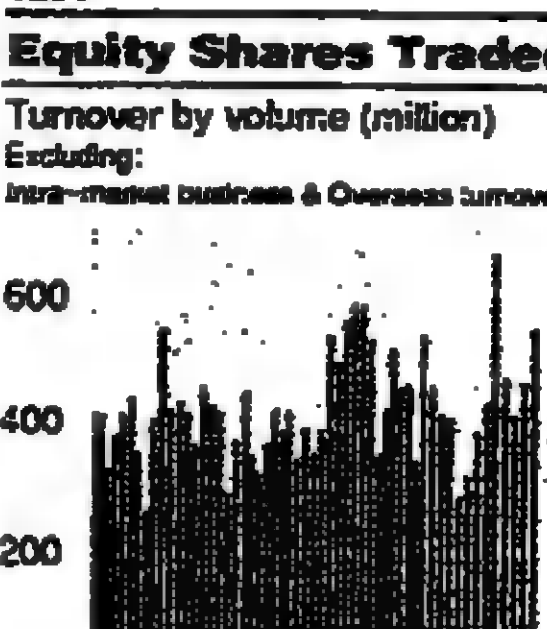
Such considerations helped the market to close at 2601.1, the highest level of the day and a net gain of 12.4. The final turnover figure of 551m shares masked a generally thin day's trading. The figure was swollen by heavy trade in Hillsdown, Burmah and SelectTV, a television production company which saw more than half its shares change hands in the dying moments of trade.



FT-A All-Share Index



Equity Shares Traded



Turnover by volume (million)

Intra-market business & Overseas turnover

ker this week issued a buy recommendation on the stock saying "on a 62 per cent discount to the market the shares look cheap". Bass added 12 to 100p with James Capel reported to have been buyers.

MARKET REPORTERS:

William Cochrane, Daniel Green, Peter John, Joel Kibazo, Jim McCallum.

Other market statistics, including the FT-A Shares Index and London Traded Options, Page 8.

BENCHMARK GOVERNMENT BONDS

Country	Rate	Price	Change	Yield	Week	Month
Australia	12.000	110.71	112.1289	-0.050	10.05	10.05
Belgium	10.000	109.01	109.5000	-0.050	9.07	9.17
Canada	8.750	109.01	109.7000	-0.040	9.03	9.03
Denmark	8.000	110.00	110.7750	-0.150	8.87	8.93
France	8.000	109.01	109.3751	-0.044	8.88	8.94
Germany	8.000	109.01	109.7000	-0.040	8.72	8.78
Italy	8.750	109.01	109.7000	-0.040	8.72	8.78
Japan	8.000	109.01	109.7000	-0.040	8.72	8.78
Netherlands	8.000	109.01	109.7000	-0.040	8.72	8.78
Spain	8.000	109.01	109.7000	-0.040	8.72	8.78
UK Gilts	10.000	110.00	110.7750	-0.150	8.87	8.93
US Treasury	8.000	109.01	109.7000	-0.040	8.72	8.78

London closing. *Denotes New York morning session. Prices: US, UK in 100ths, others in decimal.

Technical Data/ATLAS Price Source

FINANCIAL TIMES STOCK INDICES

	Oct 19	Oct 17	Oct 16	Oct 15	Oct 14	Year Ago	High	Low	Since Completion
Government Stock	95.46	95.56	95.64	95.72	95.78	79.78	97.84	82.17	127.4
Fixed Interest	95.52	95.59	95.67	95.74	95.80	88.80	97.17	90.58	105.4
Ordinary Shares	1995.5	1996.8	1998.5	1997.5	1997.6	1633.6	2108.3	1508.3	2108.3
Gold Mining	165.9	164.3	163.9	165.5	167.5	168.4	222.8	127.0	2108.3
FT-SE 100 Share	2601.1	2597.7	2579.0	2576.7	2574.5	2102.0	2679.6	2054.8	2679.6
FT-SE Euroshare 200	1165.50	1161.08	1158.25	1158.72	1159.67	-	1198.60	1088.62	1198.60
Ord. On Yield	4.86	4.71	4.73	4.73	4.75	5.87	4.75	4.75	4.75
Dividend Yield	7.37	7.42	7.47	7.45	7.45	12.22	7.45	7.45	7.45
Share Traded (m)	16.95	16.83	16.73	16.76	16.78	9.91	16.78	16.78	16.78
SEAG Bargains 45pm	23.449	24.612	24.831	25.714	26.997	-	26.997	23.449	26.997
Equity Turnover (m)	961.21	897.72	910.89	927.22	961.36	-	961.36	961.36	961.36
Equity Bargains 45pm	23.735	23.735	23.735	24.471	25.241	-	25.241	23.735	25.241
Share Traded (m)	546.9	468.2	414.5	473.8	519.8	-	519.8	414.5	519.8
Ordinary share index, hourly changes	Day's High 1995.5	Day's Low 1991.8	Day's High 1995.5	Day's Low 1991.8	Day's High 1995.5	Day's Low 1991.8	Day's High 1995.5	Day's Low 1991.8	Day's High 1995.5
Open	1995.5	1997.6	1998.5	1997.5	1997.6	1997.6	1997.6	1997.6	1997.6
Close	1995.5	1996.8	1998.5	1997.5	1997.6	1997.6	1997.6	1997.6	1997.6
FT-SE 100, hourly changes	Day's High 2601.1	Day's Low 2594.7	Day's High 2601.1	Day's Low 2594.7	Day's High 2601.1	Day's Low 2594.7	Day's High 2601.1	Day's Low 2594.7	Day's High 2601.1
Open	2601.1	2597.7	2579.0	2576.7	2574.5	2574.5	2574.5	2574.5	2574.5
Close	2601.1	2597.7	2579.0	2576.7	2574.5	2574.5	2574.5	2574.5	2574.5
FT-SE Euroshare 200, hourly changes	Day's High 1165.5	Day's Low 1158.2	Day's High 1165.5	Day's Low 1158.2	Day's High 1165.5	Day's Low 1158.2	Day's High 1165.5	Day's Low 1158.2	Day's High 1165.5
Open	1165.5	1161.08	1158.25	1158.72	1159.67	1159.67	1159.67	1159.67	1159.67
Close	1165.5	1161.08	1158.25	1158.72	1159.67	1159.67	1159.67	1159.67	1159.67

FT-SE EDGED ACTIVITY

Indices: Oct 17 Oct 18

5-Day Average: 80.9 83.8

*SE Activity 1874.

Excluding intra-market business & Overseas turnover.

London report and latest share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume	Price	Change
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00
Admiral	1,000	1.00	0.00

Based on the trading volume for a selection of Alpha securities dealt through the SEAG system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

TRADED OPTION volumes were again fuelled by bid speculation, although observers were more cautious than they had been over the signals for Ultramar, writes Peter John.

The most active stock option was Sears with 10,524 lots dealt, partly on the back of rumours that a bid might be launched at 120p a share.

However, half the volume was accounted for by one house trading on volatility in the

shares by selling the December 100 straddle (calls and puts) at 9% and buying 3,000 December 110 calls at 2%.

Total turnover of 37,817 was also boosted by the imminent expiry of the October series options. Marks and Spencer, which has an October expiry contract, saw 4,313 lots dealt.

On Life, the December Footsie future traded at a healthy premium to the underlying cash market throughout the

day but volumes were low. Traders were cautious until Wall Street came in strongly in the afternoon on the back of strength in the US bonds.

Then, there was some short covering in evidence in the futures. This pushed December's premium out to around 12 points above its estimated fair value of between 34 and 36. December closed at 2646, a premium of 46 with around 3,500 lots dealt.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday October 17 1991

Index	Change	Index	Change
Textiles	+53.26	All-Share Index	+20.82
Health & Household	+45.84	Commodities	+20.26
Packaging, Paper & Printing	+45.37	Food Manufacturing	+17.84
Business Services	+40.50	Insurance (Life)	+16.13
Chemicals	+39.56	Insurance (Non-Life)	+16.13
Telecommunications	+38.51	Electronics	+16.04
Engineering-General	+34.92	Capital Goods	+15.91
Engineering-Special	+32.67	Oil & Gas	+15.91
Other Industrial Machinery	+29.07	Oil & Gas	+15.91
Shores	+29.25	Oil & Gas	+15.91
Other Groups	+27.77	Oil & Gas	+15.91
Consumer Goods	+25.78	Oil & Gas	+15.91
Media	+25.78	Oil & Gas	+15.91
Industrial Group	+24.65	Oil & Gas	+15.91
Electronics	+24.65	Oil & Gas	+15.91
Banking	+22.81	Oil & Gas	+15.91
Investment Trust	+22.81	Oil & Gas	+15.91
500 Share Index	+22.81	Oil & Gas	+15.91
Brokers & Dealers	+22.81	Oil & Gas	+15.91
Transport	+22.81	Oil & Gas	+15.91

Technical Data/ATLAS Price Source

APPOINTMENTS

manager of the international division in Sabadell.

Mr Flix has assumed the post held by Mr Juan M. Grams, who has returned to head office as treasury manager.

POCHIN (CONTRACTORS) has made Mr Ross Murray a director. He joined the company in 1977 and became chief quantity surveyor last year.

GRANVILLE INVESTMENT MANAGEMENT, a subsidiary of Granville Holdings, has made Mr Oliver Lodge a board member.

Mr Lodge joined Granville from Smith & Williamson in 1989 to manage private client investment portfolios as well as Granville's PEP operation.

Mr Stephen GRI has been appointed head of international banking services, UK business development, at MIDLAND BANK. He was head of banking and financial services at Midland Montagu US.

Mr Patrick Webb, formerly head of the James Capel group company secretarial department, has been appointed managing director of Lloyd's managing agent G.W. HUTTON & CO (UNDERWRITING AGENCY) LTD, subject to Lloyd's approval.

SHARP ELECTRONICS (UK) has appointed two new directors to the board. They are Mr Bryan Wright, formerly director of corporate planning, and Mr Peter Dix, previously consumer product sales director.

BANCO DE SABADELL, of Spain, has named Mr Celestino Flix as general manager of the London branch. He was deputy

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Stake in Burmah sold

TURNOVER in Burmah was boosted yesterday by the placing of 16.5m shares in the company. SHV the privately owned Dutch company sold its 9.14 per cent stake to institutions through Cazenove at 557p a share, more than 30p below the market price.

The sale ended long-running speculation that SHV was hoping to launch a bid for Burmah and merge it with Calor, in which it has a 44.2 per cent stake. Mr John Toalster of Strauss Turnbull said: "The presumption is that they will move their money into Calor, but that seems irrational, as they already have control."

Burmah fell 28 to 568p with 43m shares recorded on the Seaq ticker. Calor rose 8 to 246p.

Ms Angela Burns of County NatWest said the sale had been expected for some time because SHV had lost interest in Burmah after it bought Fosco, the speciality chemicals and abrasives producer, in December.

Analysis of Hanson's offer document for property company Beazer led many to deduce that the conglomerate was treating its stake in ICI as a fixed asset. This is evidence against the belief that Lord Hanson was preparing to sell the 20m ICI shares he bought in May. ICI closed 13 up at 1291p.

Glaxo rose to a new high on the prospect of the company's

the long-awaited share split due on October 30. Next week, the US Food and Drug Administration considers approval for the company's migraine drug Imigran. The drug has already received limited approval in some European countries and is seen by analysts as one of the most important for the company during the 1990s. The shares climbed 29 to 141p.

Royal Insurance recovered some of the ground it has lost in recent months as Mr John Marr of Charterhouse Tilney recommended buying the stock. He said that the nine month figures in November should reassure bears of the company's mortgage indemnity activities. He expressed confidence on the 10 per cent plus yield, saying the company recognised that the long term negative effect on sentiment of cutting the dividend would outweigh any benefit to the group's solvency position. Royal's shares climbed 14 to 534p.

The discount house, Gerrard & National, fell another 11 yesterday to 312p for a two-day fall of 31 since Thursday's forecast of lower 1991 profits.

Scottish Metropolitan Property dropped 31 to 87p. Highly geared, and with Scottish property and retail market exposure, it reported a loss for 1990-91, cut the dividend, and advanced a quinquennial valuation which sliced its net asset value from 340p to 145p a share.

Among composite insurers, Commercial Union put on 9 at 480p. Some sources said that the rise was due to relief that this week's storms had not

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (FT) (1) T. & A. CO., (2) T. & A. CO., (3) T. & A. CO., (4) T. & A. CO., (5) T. & A. CO., (6) T. & A. CO., (7) T. & A. CO., (8) T. & A. CO., (9) T. & A. CO., (10) T. & A. CO., (11) T. & A. CO., (12) T. & A. CO., (13) T. & A. CO., (14) T. & A. CO., (15) T. & A. CO., (16) T. & A. CO., (17) T. & A. CO., (18) T. & A.

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<p>(*) Excluding domestic industries plus defense, financial and transportation; (c) Chemical; (d) nonavailable</p> <p><small>Note values of all indices are 1980 except: BEL20, ITEX General, CSEA Overall and BAX = 1,000, JSE Gold = 267.7, JSE Tels Industriest = 264.3 and Australia All Industry and Mining = 500; (e) Current; (f) Unavailable.</small></p>	<div style="float: right; width: 10%;">\$BIL. %CHG.</div> <table border="0"> <tbody> <tr> <td>Japan Metals & Chem</td> <td>-757</td> <td>+1</td> </tr> <tr> <td>Ribon Paperizing ...</td> <td>1,000</td> <td>+13</td> </tr> <tr> <td>Taiyo Fishery</td> <td>652</td> <td>-9</td> </tr> <tr> <td>KAN GUMS <small>FINE GRIND</small></td> <td>1,770</td> <td>+0.30</td> </tr> </tbody> </table>	Japan Metals & Chem	-757	+1	Ribon Paperizing ...	1,000	+13	Taiyo Fishery	652	-9	KAN GUMS <small>FINE GRIND</small>	1,770	+0.30
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WORLD STOCK MARKETS

AMERICA

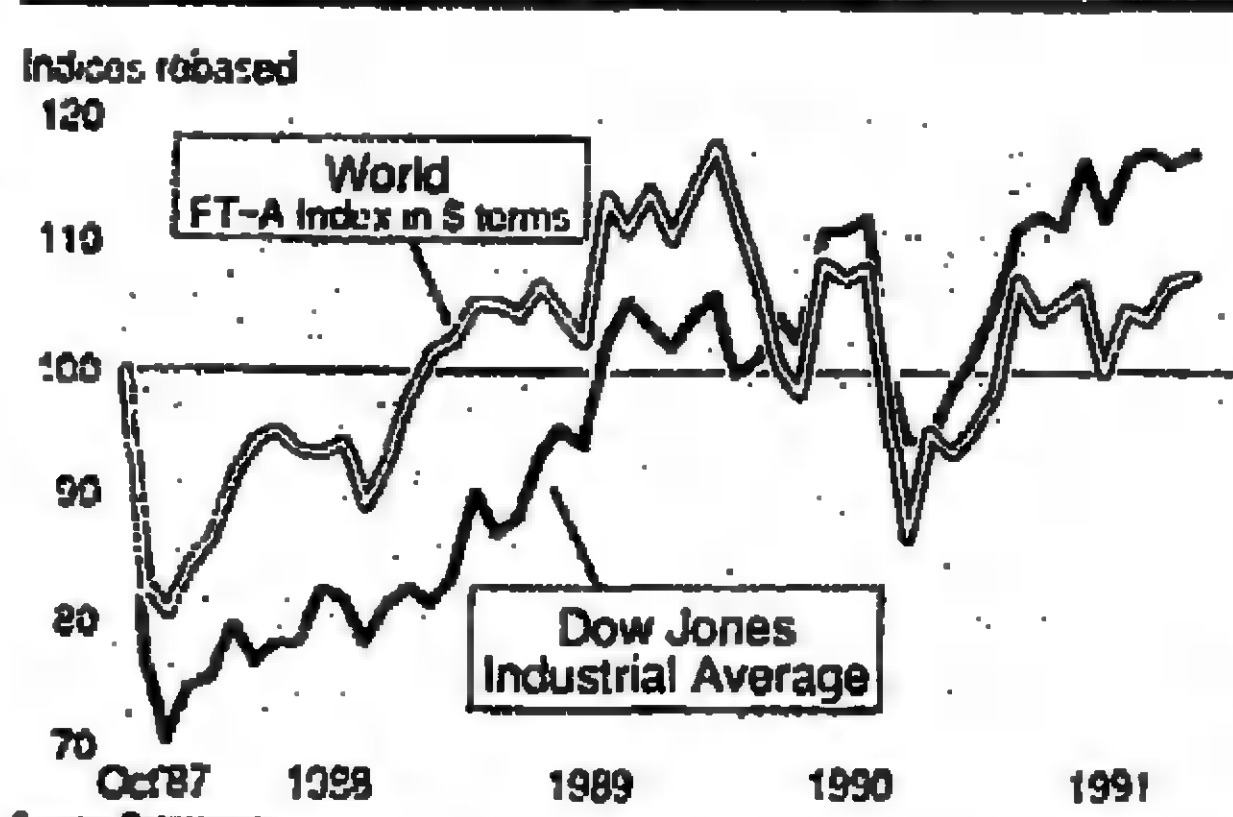
Dow approaches record on recovery in bonds

Wall Street

THE DOW Jones Industrial Average flirted with a new high yesterday morning as investors bought stock in the wake of a recovery in bond prices and a subsequent drop in long-term interest rates, writes Patrick Harverson in New York.

By 1 pm the Dow Jones Industrial Average was up 12.88 at 3,066.86, just past its previous closing high of 3,061.72 set on Wednesday. The more broadly based Standard & Poor's 500 was only slightly firmer, up 0.38 at 392.30 at 1 pm, while the Nasdaq composite of over-the-counter stocks added 2.26 at 338.53. Turnover on the NYSE was 1.16m shares by 1 pm.

The recovery after Thursday's worrying consumer prices data was immediate, if unspectacular, with share prices advancing in modest steps throughout the morning.



A set of weak housing start numbers for September failed to unsettle the market, which drew most of its strength from the sharp rally in bond prices. On Thursday the 30-year long bond fell over 1½ points, but yesterday it bounced back to stand a full point higher, midsession at 102½, in the process bringing long-term

yields back down through 8 per cent to 7.94 per cent. Among individual stocks, Reebok fell further in the wake of a concern about future earnings, especially for sales of its most popular product, the Pump shoe. The shares dropped 8½ to 32½, on turnover of 1.8m, unsupported by a recommenda-

tion from Shearson Lehman Brothers, the broking house, which believes the stock to be good value at current levels. Shearson also favours Nike as an investment, a view which helped Nike add 8½ at \$54½.

Owens-Corning plunged 7½, or more than 20 per cent, to \$25½, on turnover of 1.3m shares after the company reported a third quarter profit of 64 cents a share, well down on the 83 cents a share made a year ago, which included a charge against earnings.

Kellogg fell 3½ to \$108½ after the company announced plans for a two-for-one stock split. Hewlett-Packard edged 3½ higher to \$49½, untroubled by the news that the computer group will have to make a charge against earnings in the next quarter.

On the over-the-counter market, Apple Computer climbed 3½ to \$55½ after reporting net income for the fourth quarter ended September of 67 cents a share. News of a rise in

third quarter profit to 34 cents a share failed to lift Amgen, which fell 1½ to \$61 on turnover of 2.2m shares.

Canada

TORONTO stocks rose for the sixth consecutive session as buy orders came in. At midday, the TSE-300 composite index rose 9.6 to 3,475.8. Advancing issues led declines by 282 to 144 on volume of 15.18m shares valued at C\$207.7m.

Laidlaw class B shares continued to nosedive, losing C\$1½ to C\$10½. Midland Walwyn placed a sell on the company's stock and dropped its 1992 earnings estimates.

Many other brokers have done likewise following the company's poor fourth quarter results on Wednesday and an analysts' meeting on Thursday. Laidlaw's full pulled the transportation index down by 330 or 6.5 per cent to 4,728.

Alexco rose 1½ to 24½ and Noranda firmed ½ to 18½.

US dealers aim to win business from overseas

Patrick Harverson reports on Nasdaq International

AFTER AN 18-month wait, the National Association of Securities Dealers (NASD) has finally won approval from the Securities and Exchange Commission (SEC) for its early-hours trading system.

Called Nasdaq International, it will allow investors on both sides of the Atlantic to trade US stocks before New York opens. Investors will be able to buy and sell stocks through the Nasdaq computer network from market-makers quoting firm prices.

Trading should begin in January when the NASD hopes a handful of securities houses in the US and Europe will make markets in stocks listed over-the-counter in the US, as well as some listed on the New York Stock Exchange (NYSE) and the American Stock Exchange. The trading session will run from 3.30 am to 9 am, New York time, which will coincide with the peak of trading in Europe.

The system aims to pick up some of the business conducted overseas by US institutions. In recent years they have been trading US stocks on the London Stock Exchange's Seag International system.

By trading US stocks listed in London, US institutions have sought to gain an edge, either by completing computerised program trades started in New York the previous day, or by being the first to react to important news that breaks in New York.

Although this expatriate business is relatively small, the NASD believes it is worth chasing.

The NASD first proposed early-morning trading a year and a half ago, but approval was held up by doubts among the regulatory authorities about the lack of disclosure requirements for users of Nasdaq International.

In order to compete with London's more relaxed reporting requirements, which provide anonymity to traders, the NASD designed its own reporting rules to match those on Seag International, where details about the size and price of stock bargains do not have to be disclosed during trading.

But the SEC did not like the

idea of US stocks being traded outside the US under less stringent reporting rules. In an attempt to forge a compromise, the NASD suggested imposing tighter disclosure standards than London's, but loose enough to entice overseas institutions.

The result was a proposal that the high, the low, the closing price and the total volume traded of each stock with two or more market-makers would be made public after the close of each session.

This proposal was approved by the SEC last week, but not unanimously. One of the SEC's six commissioners dissented.

The system is unlikely to live up to its glamorous billing as the "world's first intercontinental stock market" in the opening months of trading.

arguing that it undermined the principle of market transparency, where information about trades is immediately and freely available. This argument, however, was not enough to sway the SEC and its chairman, Mr Richard Breiden, who is keen to promote the international competitiveness of US stock markets.

Although the NASD has labelled Nasdaq International the "world's first intercontinental stock market", the system is unlikely to live up to such a glamorous billing in the opening months, and probably years, of trading.

"It will start very, very slowly," says Mr John Wall, NASD executive vice-president, who expects potential users, US and European securities firms — to approach Nasdaq International warily. The idea of early trading and the new technology will take time getting used to, says Mr Wall.

Wall Street traders express similar doubts about how much business Nasdaq International will attract. They expect that few market-making companies will risk their capital to make a firm market in US stocks when there appears to be so little demand for early-

hours trading. This view is supported by the recent experience of Seag International in London. Its section which allowed US securities firms in London to quote firm prices on a number of US stocks was abandoned earlier this year because turnover was too low. Now, market-makers quote only indicative prices (that is, they do not have to trade at the prices they quote), and business remains light.

There are other drawbacks to Nasdaq International. Traders have pointed out that the looser disclosure rules on the system, while providing camouflage for those who want to execute big transactions in secret, will keep everyone in the dark. Not knowing which stocks trade at what price, and in how much volume, could deter many potential users of the system, said one dealer.

Moreover, under an NYSE rule which the SEC has upheld, NYSE member firms which use Nasdaq International (which means all of the big US securities houses) will be allowed to trade only those stocks listed on the Big Board after 1979. IBM and AT&T, therefore, will be excluded.

There are, however, plenty of actively traded stocks available on Nasdaq International if dealers are willing to make markets in them. For example, there are American Express, Boeing and Philip Morris, which are all listed on the NYSE and included in the Dow Jones 30.

Leading Nasdaq issues, such as MCI, Apple and Microsoft, should ensure there are enough liquid stocks in the new system to attract investors keen to trade in the early hours.

An advertising campaign by the NASD provides a clue to its ambitions for Nasdaq International. TV and radio commercials boast of how the Nasdaq electronic trading system was used in the 1980s as a model by exchanges overseas when they modernised.

Keen to justify its self-claimed status as an innovator, the NASD hopes that by setting up Nasdaq International today, it will have a head start when, in the future, stocks are traded electronically around the world on a 24-hour basis.

EUROPE

Frankfurt forecasts keep investors nervous

MOST BOURSES made modest rises yesterday, while even some of the losers closed near their day's highs, writes Our Markets Staff.

FRANKFURT waited fearfully for Degab, the research arm of the Deutsche Bank, to produce a downgrading of steel sector prospects, following its savage chemicals reappraisal on Wednesday and Commerzbank's similar exercise on car-makers on Thursday.

The steel figures were not forthcoming during market hours, but the downgradings were rumoured to be around 10 per cent. The DAX index hit a day's low of 1,550.71 but closed 1.26 down at the day's high of 1,563.25 on short-covering. It fell 0.3 per cent on the week. The FAZ index, calculated at midsession, declined 0.8 to 1,585.82, 1.2 per cent on the week. Volume rose from DM4.5bn to DM4.6bn.

Dresdner Bank's Mr Harry Jaarsma said that the bank was more optimistic for world chemical prospects than Degab. Dresdner forecast a rise in earnings for BASF from DM2.2 to DM2.5 next year, compared with the drop from DM1.8

FT-SE Eurotrack 100 - Oct 18

Hourly changes				
Open	11 am	Noon	3 pm	Close
1033.96	1033.73	1033.62	1033.38	1032.07
Daily High 1099.40				
Daily Low 1083.28				
Oct 17	Oct 16	Oct 15	Oct 14	Oct 11
1095.78	1095.67	1095.49	1088.51	1088.47

Base value 1000 (1984=100)

to DM1.6 forecast by Degab. With such an intellectual gap at the analyst's level, said Mr Jaarsma, it was no wonder that investors were nervous.

PARIS overcame the apathy that had followed Thursday's long-awaited interest rate cut, and rose in afternoon trading. The CAC 40 index ended 8.73 up at 1,864.20, 1.7 per cent higher on the week.

Blue chips such as BSN led the gains. BSN is the owner of quality blue chip that people buy when they are unsure of the market, said Mr Michael Woodcock of Nikko Securities. The food group added FF1.5 to FF1.78 after Thursday's news of a rise in nine-month sales. Among other firm blue chips, Alcatel-Alsthom rose FF0.6 to FF1.67 and L'Oréal added

FF1.4 to FF1.74. Synthelabo, a subsidiary of L'Oréal, dropped FF5.5 to 5.7 per cent to FF91.5 after its purchase of a family-owned pharmaceutical company.

Eurotunnel continued to fall, this time on the news that the EC has asked the UK to delay the fast rail link to the Channel tunnel. The stock lost 55 centimes to FF42.55.

STOCKHOLM was lifted by S-E-Banken's eight-month results. The Affarsveckers General index rose 0.2 to 978.3 — down 2.2 per cent on the week — in thin turnover of SKR260m, down from SKR351m.

S-E-Banken restricted A shares gained SKR2.5 to SKR55.5, its eight-month credit losses were lower than feared. Trelleborg free Bs rose SKR6 to

SKR106 before it issued eight-month results and revised its full-year forecast downwards.

MILAN failed to keep the momentum of Thursday's rise and closed an abbreviated week on an easier note. The Comit index fell 0.88 to 531.01 in turnover estimated at less than Thursday's L101.2bn.

Textile and telecommunications shares bucked the trend. The knitwear maker, Benetton, which has been recommended by several brokers, rose L230 or 2.2 per cent to L10,800. In telecoms, Sip added L35 or 2.9 per cent to L1,240.

Plax fell L40 to L3,179 following Thursday's late news that it would make 40 per cent of its workforce idle for one week in November.

AMSTERDAM was mixed in trading dominated by options activity. The CBS tendency index closed 0.3 to 99.2 but was 1.7 per cent up on the week.

National airline KLM closed 90 cents at a year's high of FI 38, although below the intra-day high of FI 39.80, in heavy trade estimated at 3.5m shares. Confirmation that KLM was in co-operation talks with British Airways boosted the price.

MADRID's general index edged up 0.25 to 263.06 — barely changed on the week — in turnover of about Pt10bn. Telefonica gained Pt45 to Pt14,250 in heavy volume of 3.34m shares, after a positive US newspaper article.

Tabacalera rose Pt90 to Pt15,400. A Spanish newspaper reported that the government might sell more of its stake to Philip Morris of the US.

HELSENKI was hit by poor interim results and rising interest rates. The Hex index lost 6.0 to 847.5, down 0.7 per cent on the week.

Stocks falling on results news included Nokia, with its ordinary free shares down 60 penni at FM77, and Metra, with its free Bs off FM7 or 11.7 per cent at FM53.

SOUTH AFRICA

DEMAND FOR quality shares and news that the Commonwealth had agreed to a phased lifting of sanctions boosted Johannesburg, although a rise in the financial rand restricted gains. The all-share index rose 7 to 3,401.

ASIA PACIFIC

Nikkei rises 1.9% on hopes of rate cut

Tokyo

SHARE PRICES rose sharply yesterday, as short-term interest rates and bond yields eased on renewed hopes of an early interest rate cut. The Nikkei average was up 3.1 per cent on the week, writes Emilio Terazono in Tokyo.

The Nikkei average rose 454.97 or 1.9 per cent to 24,894.82 after opening at the day's low of 24,486.39 and hitting a day's high early in the afternoon. The index has gained 1,034.15 points over the past four trading days, in spite of the business suspension of the Big Four brokers — Nomura, Daiwa, Nikko and Yamachi.

Volume rose to 500m shares from 450m, as a rally in the futures market prompted arbitrage trading. Institutional investors, including trust banks and insurance companies, were seen buying biotechnology-related shares.

Advances outside declines by 736 to 246, with 146 issues unchanged. The Topix index of all first section stocks rose 23.12 to 1,881.70 and, in London trading, the ISE/Nikkei 50

index rose 4.74 to 1,431.84. Rumours of an imminent cut in the official discount rate ran through the market after Mr Kichii Miyazawa, who is expected to become the next prime minister, called for an early interest rate cut. The yield on the 10-year 129 benchmark bond closed at a record low of 5.65 per cent, down from 5.83 per cent.

Interest rate-sensitive issues firmed on lower bond yields, with Mitsubishi Heavy Industries up Y20 at Y748 and Hitachi Zosen, the shipbuilder, adding Y17 to Y730.

Biotechnology issues regained popularity, on buying by institutions and individuals. Meiji Milk Products, the most active issue of the day, rose Y30 to Y1,150 and Kuraray, the fibre company, advanced Y30 to Y1,290.

Showa Shell Sekiyu, the oil refiner, added Y70 to an all-time high of Y2,210 on the popularity in resource stocks. The company is projecting a 105 per cent rise in pre-tax profits for the current year.

Other oil-related stocks were also higher, with Cosmo Oil adding Y22 to Y955. In Osaka, the OSE average

gained 213.02 to 26,831.97 on volume of 30.9m shares. Ono Pharmaceutical gained Y300 to Y6,250. The issue has been strong on the back of the recent popularity of biotechnology stocks, but traders said that the stock was also rumoured to be held by politicians, and tended to be actively traded before political events.

Roundup

PACIFIC Rim markets seemed unwilling to follow Tokyo's lead yesterday, edging up only slightly where they rose at all.

AUSTRALIA was not disturbed by the overnight fall in the US nor by the effect of companies going ex dividend. Limited strength in industrials took the All Ordinaries index up 5.1 to 1,617.6, a 14-month high, for a rise of 4 per cent on the week.

Turnover fell from A\$324m to A\$256m as News Corp rose another 30 cents to A\$11.90 and the paper and packaging manufacturer, Amcor, put on 10 cents to A\$6.30.

MANILA did not believe allegations by an American mercenary that he was hired by a Philippine cabinet minister to

kill top rightist rebels and civilians, and the composite index inched up 0.57 to 1,019.42, 4.1 per cent higher on the week.

SEOUL rose in spite of after-noon reports of the failure of a company. Financially healthy counters rose as shares in small companies fell, and the composite index ended 0.77 up at 866.53, 1.7 per cent higher on the week.

TAIWAN firmed as political tensions eased, the weighted index closing 30.26 higher at 4,334.30, 9.9 per cent lower on the week. However, turnover fell sharply from T\$1.8bn to T\$1.1bn.

HONG KONG's Hang Seng index fell 2.52 to 4,015.91, fractionally lower on the week. SINGAPORE saw the Straits Times Industrial index only 1.54 higher at 1,377.98, but 1.9 per cent on the week. However, BANGKOK ended 3.1 per cent lower on the week after a 5.28 rise in the SET index to 619.34.

EMBAY rose on its return from Thursday's holiday, although profit-taking knocked shares off their highs. The BSE index added 5.44 to 1,778.91, up 0.8 per cent on the week.

LONDON SHARE SERVICE

BRITISH FUNDS

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AMERICANS

1991	Low	High	Stock	Price	Div	Yield	P/E
1991	10.5	11.5	3M Corp	10.5	0.40	3.8	12.5
1991	11.5	12.5	4M Corp	11.5	0.40	3.5	13.5
1991	12.5	13.5	5M Corp	12.5	0.40	3.2	14.5
1991	13.5	14.5	6M Corp	13.5	0.40	3.0	15.5
1991	14.5	15.5	7M Corp	14.5	0.40	2.8	16.5
1991	15.5	16.5	8M Corp	15.5	0.40	2.6	17.5
1991	16.5	17.5	9M Corp	16.5	0.40	2.4	18.5
1991	17.5	18.5	10M Corp	17.5	0.40	2.2	19.5
1991	18.5	19.5	11M Corp	18.5	0.40	2.0	20.5
1991	19.5	20.5	12M Corp	19.5	0.40	1.8	21.5
1991	20.5	21.5	13M Corp	20.5	0.40	1.6	22.5
1991	21.5	22.5	14M Corp	21.5	0.40	1.4	23.5
1991	22.5	23.5	15M Corp	22.5	0.40	1.2	24.5
1991	23.5	24.5	16M Corp	23.5	0.40	1.0	25.5
1991	24.5	25.5	17M Corp	24.5	0.40	0.8	26.5
1991	25.5	26.5	18M Corp	25.5	0.40	0.6	27.5
1991	26.5	27.5	19M Corp	26.5	0.40	0.4	28.5
1991	27.5	28.5	20M Corp	27.5	0.40	0.2	29.5
1991	28.5	29.5	21M Corp	28.5	0.40	0.0	30.5
1991	29.5	30.5	22M Corp	29.5	0.40	0.0	31.5
1991	30.5	31.5	23M Corp	30.5	0.40	0.0	32.5
1991	31.5	32.5	24M Corp	31.5	0.40	0.0	33.5
1991	32.5	33.5	25M Corp	32.5	0.40	0.0	34.5
1991	33.5	34.5	26M Corp	33.5	0.40	0.0	35.5
1991	34.5	35.5	27M Corp	34.5	0.40	0.0	36.5
1991	35.5	36.5	28M Corp	35.5	0.40	0.0	37.5
1991	36.5	37.5	29M Corp	36.5	0.40	0.0	38.5
1991	37.5	38.5	30M Corp	37.5	0.40	0.0	39.5
1991	38.5	39.5	31M Corp	38.5	0.40	0.0	40.5
1991	39.5	40.5	32M Corp	39.5	0.40	0.0	41.5
1991	40.5	41.5	33M Corp	40.5	0.40	0.0	42.5
1991	41.5	42.5	34M Corp	41.5	0.40	0.0	43.5
1991	42.5	43.5	35M Corp	42.5	0.40	0.0	44.5
1991	43.5	44.5	36M Corp	43.5	0.40	0.0	45.5
1991	44.5	45.5	37M Corp	44.5	0.40	0.0	46.5
1991	45.5	46.5	38M Corp	45.5	0.40	0.0	47.5
1991	46.5	47.5	39M Corp	46.5	0.40	0.0	48.5
1991	47.5	48.5	40M Corp	47.5	0.40	0.0	49.5
1991	48.5	49.5	41M Corp	48.5	0.40	0.0	50.5
1991	49.5	50.5	42M Corp	49.5	0.40	0.0	51.5
1991	50.5	51.5	43M Corp	50.5	0.40	0.0	52.5
1991	51.5	52.5	44M Corp	51.5	0.40	0.0	53.5
1991	52.5	53.5	45M Corp	52.5	0.40	0.0	54.5
1991	53.5	54.5	46M Corp	53.5	0.40	0.0	55.5
1991	54.5	55.5	47M Corp	54.5	0.40	0.0	56.5
1991	55.5	56.5	48M Corp	55.5	0.40	0.0	57.5
1991	56.5	57.5	49M Corp	56.5	0.40	0.0	58.5
1991	57.5	58.5	50M Corp	57.5	0.40	0.0	59.5
1991	58.5	59.5	51M Corp	58.5	0.40	0.0	60.5
1991	59.5	60.5	52M Corp	59.5	0.40	0.0	61.5
1991	60.5	61.5	53M Corp	60.5	0.40	0.0	62.5
1991	61.5	62.5	54M Corp	61.5	0.40	0.0	63.5
1991	62.5	63.5	55M Corp	62.5	0.40	0.0	64.5
1991	63.5	64.5	56M Corp	63.5	0.40	0.0	65.5
1991	64.5	65.5	57M Corp	64.5	0.40	0.0	66.5
1991	65.5	66.5	58M Corp	65.5	0.40	0.0	67.5
1991	66.5	67.5	59M Corp	66.5	0.40	0.0	68.5
1991	67.5	68.5	60M Corp	67.5	0.40	0.0	69.5
1991	68.5	69.5	61M Corp	68.5	0.40	0.0	70.5
1991	69.5	70.5	62M Corp	69.5	0.40	0.0	71.5
1991	70.5	71.5	63M Corp	70.5	0.40	0.0	72.5
1991	71.5	72.5	64M Corp	71.5	0.40	0.0	73.5
1991	72.5	73.5	65M Corp	72.5	0.40	0.0	74.5
1991	73.5	74.5	66M Corp	73.5	0.40	0.0	75.5
1991	74.5	75.5	67M Corp	74.5	0.40	0.0	76.5
1991	75.5	76.5	68M Corp	75.5	0.40	0.0	77.5
1991	76.5	77.5	69M Corp	76.5	0.40	0.0	78.5
1991	77.5	78.5	70M Corp	77.5	0.40	0.0	79.5
1991	78.5	79.5	71M Corp	78.5	0.40	0.0	80.5
1991	79.5	80.5	72M Corp	79.5	0.40	0.0	81.5
1991	80.5	81.5	73M Corp	80.5	0.40	0.0	82.5
1991	81.5	82.5	74M Corp	81.5	0.40	0.0	83.5
1991	82.5	83.5	75M Corp	82.5	0.40	0.0	84.5
1991	83.5	84.5	76M Corp	83.5	0.40	0.0	85.5
1991	84.5	85.5	77M Corp	84.5	0.40	0.0	86.5
1991	85.5	86.5	78M Corp	85.5	0.40	0.0	87.5
1991	86.5	87.5	79M Corp	86.5	0.40	0.0	88.5
1991	87.5	88.5	80M Corp	87.5	0.40	0.0	89.5
1991	88.5	89.5	81M Corp	88.5	0.40	0.0	90.5
1991	89.5	90.5	82M Corp	89.5	0.40	0.0	91.5
1991	90.5	91.5	83M Corp	90.5	0.40	0.0	92.5
1991	91.5	92.5	84M Corp	91.5	0.40	0.0	93.5
1991	92.5	93.5	85M Corp	92.5	0.40	0.0	94.5
1991	93.5	94.5	86M Corp	93.5	0.40	0.0	95.5
1991	94.5	95.5	87M Corp	94.5	0.40	0.0	96.5
1991	95.5	96.5	88M Corp	95.5	0.40	0.0	97.5
1991	96.5	97.5	89M Corp	96.5	0.40	0.0	98.5
1991	97.5	98.5	90M Corp	97.5	0.40	0.0	99.5
1991	98.5	99.5	91M Corp	98.5	0.40	0.0	100.5
1991	99.5	100.5	92M Corp	99.5	0.40	0.0	101.5
1991	100.5	101.5	93M Corp	100.5	0.40	0.0	102.5
1991	101.5	102.5	94M Corp	101.5	0.40	0.0	103.5
1991	102.5	103.5	95M Corp	102.5	0.40	0.0	104.5
1991	103.5	104.5	96M Corp	103.5	0.40	0.0	105.5
1991	104.5	105.5	97M Corp	104.5	0.40	0.0	106.5
1991	105.5	106.5	98M Corp	105.5	0.40	0.0	107.5
1991	106.5	107.5	99M Corp	106.5	0.40	0.0	108.5
1991	107.5	108.5	100M Corp	107.5	0.40	0.0	109.5
1991	108.5	109.5	101M Corp	108.5	0.40	0.0	110.5
1991	109.5	110.5	102M Corp	109.5	0.40	0.0	111.5
1991	110.5	111.5	103M Corp	110.5	0.40	0.0	112.5
1991	111.5	112.5	104M Corp	111.5	0.40	0.0	113.5
1991	112.5	113.5	105M Corp	112.5	0.40	0.0	114.5
1991	113.5	114.5	106M Corp	113.5	0.40	0.0	115.5
1991	114.5	115.5	107M Corp	114.5	0.40	0.0	116.5
1991	115.5	116.5	108M Corp	115.5	0.40	0.0	117.5
1991	116.5	117.5	109M Corp	116.5	0.40	0.0	118.5
1991	117.5	118.5	110M Corp	117.5	0.40	0.0	119.5
1991	118.5	119.5	111M Corp	118.5	0.40	0.0	120.5
1991	119.5	120.5	112M Corp	119.5	0.40	0.0	121.5
1991	120.5	121.5	113M Corp	120.5	0.40	0.0	122.5
1991	121.5	122.5	114M Corp	121.5	0.40	0.0	123.5
1991	122.5	123.5	115M Corp	122.5	0.40	0.0	124.5
1991	123.5	124.5	116M Corp	123.5	0.40	0.0	125.5
1991	124.5	125.5	117M Corp	124.5	0.40	0.0	126.5
1991	125.5	126.5	118M Corp	125.5	0.40	0.0	127.5
1991	126.5	127.5	119M Corp	126.5	0.40	0.0	128.5
1991	127.5	128.5	120M Corp	127.5	0.40	0.0	129.5
1991	128.5	129.5	121M Corp	128.5	0.40	0.0	130.5
1991	129.5	130.5	122M Corp	129.5	0.40	0.0	131.5
1991	130.5	131.5	123M Corp	130.5	0.40	0.0	132.5
1991	131.5	132.5	124M Corp	131.5	0.40	0.0	133.5
1991	132.5	133.5	125M Corp	132.5	0.40	0.0	134.5
1991	133.5	134.5	126M Corp	133.5	0.40	0.0	135.5
1991	134.5	135.5	127M Corp	134.5	0.40	0.0	136.5
1991	135.5	136.5	128M Corp	135.5	0.40	0.0	137.5
1991	136.5	137.5	129M Corp	136.5	0.40	0.0	138.5
1991	137.5	138.5	130M Corp	137.5	0.40	0.0	139.5
1991	138.5	139.5	131M Corp	138.5	0.40	0.0	140.5
1991	139.5	140.5	132M Corp	139.5	0.40	0.0	141.5
1991	140.5	141.5	133M Corp	140.5	0.40	0.0	142.5
1991	141.5	142.5	134M Corp	141.5	0.40	0.0	143.5
1991	142.5	143.5	135M Corp	142.5	0.40	0.0	144.5
1991	143.5	144.5	136M Corp	143.5	0.40	0.0	145.5
1991	144.5	145.5	137M Corp	144.5	0.40	0.0	146.5
1991	145.5	146.5	138M Corp	145.5	0.40	0.0	147.5
1991	146.5	147.5	139M Corp	146.5	0.40	0.0	148.5
1991	147.5	148.5	140M Corp	147.5	0.40	0.0	149.5
1991	148.5	149.5	141M Corp	148.5	0.40	0.0	150.5
1991	149.5	150.5	142M Corp	149.5	0.40	0.0	151.5
1991	150.5	151.5	143M Corp	150.5	0.40	0.0	152.5
1991	151.5	152.5	144M Corp	151.5	0.40	0.0	153.5
1991	152.5	153.5	145M Corp	152.5	0.40	0.0	154.5
1991	153.5	154.5	146M Corp	153.5	0.40	0.0	155.5
1991	154.5	155.5	147M Corp	154.5	0.40	0.0	156.5
1991	155.5	156.5	148M Corp	155.5	0.40	0.0	157.5
1991	156.5	157.5	149M Corp	156.5	0.40	0.0	158.5
1991	157.5	158.5	150M Corp	157.5	0.40	0.0	159.5
1991	158.5	159.5	151M Corp	158.5	0.40	0.0	160.5
1991	159.5	160.5	152M Corp	159.5	0.40	0.0	161.5
1991	160.5	161.5	153M Corp	160.5	0.40	0.0	162.5
1991	161.5	162.5	154M Corp	161.5	0.40	0.0	163.5
1991	162.5	163.5	155M Corp	162.5	0.40	0.0	164.5
1991	163.5	164.5	156M Corp	163.5	0.40	0.0	165.5
1991	164.5	165.5	157M Corp	164.5	0.40	0.0	166.5
1991	165.5	166.5	158M Corp	165.5	0.40	0.0	167.5
1991	166.5	167.					

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1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	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FINANCE AND THE FAMILY

London Market

The hurricane that didn't howl

FRIDAY morning dawned calm and clear in London; the strong winds predicted by the weather forecasters had missed the south of England. Normally, I would not weary you with meteorological minutiae. This week, however, the imminent anniversary of the October crash of 1987 and the return of the strong autumn winds that closed the London Stock Exchange on the Friday before Black Monday made for nervousness.

You can see why some of the conditions that led New York to crash four years ago are noticeable today, not least a gross overvaluation of US equities in relation to earnings. Still, there are also some striking differences between 1987 and now. One is a point made by Robin Aspinall of Schroders: markets do not crash from a cliff-top, but from a ledge some way down. The London equity market peaked in July 1987, as the chart shows, and had already fallen some way by the time the crash started. This October, share prices are still fairly close to the peak reached in early September 1991.

Another difference is the inflation-adjusted value of shares: the chart illustrates that UK blue chips are worth markedly less in real terms than in October 1987.

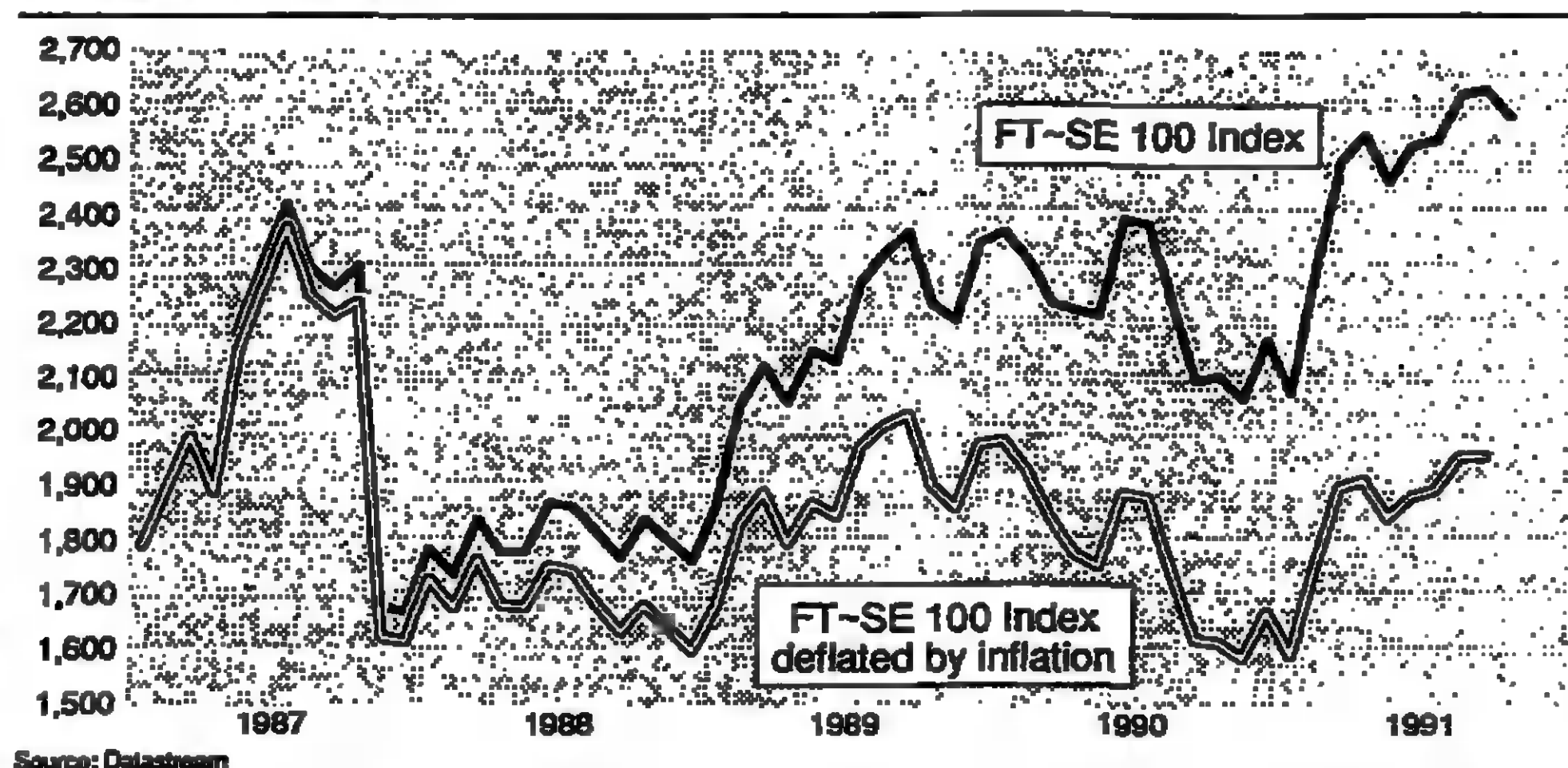
Perhaps the most striking difference is the economic out-

look. As Peter Lyon of Smith New Court points out, in 1987 the world was heading into the last phase of a strong economic upturn, peaking around the first quarter of 1988. The bond markets had recognised this, with a sharp shift upwards in yields from the spring of 1987. "But equities were still telling us the boom was going on for ever," says Lyon. At some point, the strain would tell - and it did, in October 1987.

Today, though Lyon recognises that price/earnings ratios are stretched, particularly in the US and arguably in the UK as well, he argues that there aren't the same negative signs from the bond markets as in 1987. Indeed, as J.P. Morgan's global bondwatchers point out, bond markets have rallied strongly in most markets over the past two months, registering the best gains in almost four years - since the sharp easing of monetary policy that followed the October crash, indeed. They expect the trend to continue, though more slowly.

So far, so comforting. But if equities were predicting an eternal boom in 1987, with all good things having their day, perhaps today's pattern amounts to an equally unstable opposite. The gilt market's expectation of falling interest rates reflects an implicit prediction that the recession-induced fall in inflation will last forever, while the equity market is discounting a

FT-SE 100 Index



Source: Datastream

good old-fashioned upswing. Unless the structure and expectations of the British economy have been changed beyond all recognition by the events of the past two years, there is an inherent contradiction between those two views. Resolving it may not take place as abruptly as in October 1987; but the process may not be particularly cheerful, all the same.

Such reflections apart, the week was a more cheerful one than the previous week's auguries would have led one to expect. FT-SE closed the week at 2,601.1, up 46.1 from the previous Friday, a healthy performance, and there was the prospect of a juicy takeover battle after Lasmo's £1.16bn bid for Ultramar.

The bid has been rumoured for some time; indeed, Ultramar has been one of the market's favourite takeover candidates ever since Sir Ron Brierley took a stake in 1986 (he sold it in 1989). The most recent wave of rumours, centring increasingly on Lasmo, have been around for a few weeks: the stock had risen from 234p on September 24 to 277p on Wednesday, the eve of the bid. Lasmo's all-paper offer, valuing the company at 315p a share on Thursday, pushed Ultramar's shares to 347p, then to 351p on Friday amid fading rumours of counter-bids.

The cheering effect of a takeover bid offset poor news on the rights issue front. Although Hilldown's offer closed with the stock safely above the rights issue price, take-up was only 48 per cent, rather lower than the market had been expecting. The shares - which had closed on Thursday at 213p, in anticipation of a rather more successful result - ended the week at 209p, up 1p from the previous Friday's close. "I think it will be quite a long time before we have another cash call," said Hilldown's chairman Sir Harry Solomon.

The other two big rights issues - from British Aerospace and Asda - continued their walk along the razor's edge. BAE's share price closed the week at 360p, exactly in line with the rights issue price, up from 371p the previous Fri-

day. Asda closed at 41p, up 1p on the week and 6p above the rights issue price.

In a way, it was surprising that Asda's performance was not stronger on Wednesday. It made the long-awaited announcement of a new chief executive: Archie Norman, Kingfisher's youthful finance director. The appointment was generally well received, and the impression that the rights issue was safe started to gain ground. Investors were clearly not prepared to count Asda's over-ready corned chickens before they were hatched, however: the fate of Hilldown's rights issue was clearly on their minds.

Other ill-fated companies got the short end of the television franchise auction, which reached its soap-opera climax on Wednesday. In stock market terms, the outcome was a bit of a disappointment: Granada, for example, rose from 165p to 191p during the week. Nothing to be sneezed at, of course - but this 16 per cent rise came in a week which saw a successful bargain-basement franchise bid, the long-delayed decision to take an axe to the groups' computer services division, and an enthusiastic stockbroker's report on BSkyB, the satellite television venture in which Granada is a major shareholder. Alex Bernstein, Granada's chairman, must be wondering what he would have to do to really move the share price.

Peter Martin

Serious Money

Wealth of inequality in Major's musings

By Philip Coggan, Personal Finance Editor

ONE OF the oddest announcements of John Major's premiership must be his plan to reform inheritance tax. Here is a man who, in his campaign for the Conservative leadership, stressed his desire for a classless society. When he gets into office, however, he proposes a measure which would increase inequalities of wealth.

Nor is it easy to see any economic point to such a move. The reductions in higher rate taxes made during the 1980s were at least backed by the argument that lower taxes would create the incentive to work harder, and thus both improve the economy and increase the tax take.

But what would be the economic purpose of the virtual abolition of inheritance tax? All that would be likely to be created is a generation of Bertie Woosters, idling their time away on the golf course, while they lived off the income from their investments. Employment opportunities for butlers would increase, but that would be the sole benefit.

After all, if our own Aunt Agatha left us £1m or two, how many of us would want to continue to slog out 12-hour days at the office?

Who exactly is meant to benefit from this tax change? The average value of inheritances between 1985 and 1989, according to the Joseph Rowntree Foundation, was just £29,730, well below the current £140,000 inheritance tax threshold.

That is an arithmetic average; the median figure was under £10,000. Those in Greater London (average inheritance £48,500) will also benefit far more than those in the Midlands (£18,000) or the north (£13,000). Not much wealth "cascades down the generations", to use Mr Major's phrase, on inner-city housing estates.

The rich, admittedly, often use accountants and advisers to avoid the tax. But surely the right response is to tighten the loopholes, not abolish the tax. Whatever next? Is the home secretary about to announce

that, because of the vast numbers of thieves who are never caught, burglary is to be abolished as a crime?

The main beneficiaries of the change, judging by the supportive claims of right-wing commentators, will be those middle class people whose houses vastly appreciated in value during the 1980s boom.

I am sure many readers will be in that category. But the tax system has served you pretty well. All the gains on your main houses have been free of capital gains tax. A substantial proportion of the interest payments have also been tax free. Do you really need another tax subsidy as well, especially as

but via diversified collective funds such as unit and investment trusts. At the very least, the full £6,000 of a PEP should be allowed to be placed in non-new issue trusts.

A more radical reform would be to extend to income the same benefit that exists for capital gains - indexation. Investors may be enjoying real (after inflation) returns at the moment, but for much of the 1980s, their after-tax real returns would be negative.

Reducing the tax burden on savings would not only be economically beneficial, it would also be fair. Saving is deferred consumption, and interest payments are in large part designed to compensate people for postponing their purchases.

However, that element of interest payments which reflects inflation, merely allows investors to maintain their purchasing power. Only the additional "real" element is a true incentive to postpone consumption - and only that element should be taxed.

Interest on savings seems to be regarded by the taxman as unearned income. In fact for most people savings are made from earned income, which is already subject to tax; the levy on interest income is thus effectively double taxation.

The only real source of unearned income is inherited wealth, which is determined merely by chance; you cannot choose to be born to rich parents. In a meritocracy, which John Major otherwise seems to favour, inherited wealth would have little justification. Indeed, meritocratic considerations would suggest the diametric opposite of what the government seems to be proposing - an increase in the inheritance tax burden.

Labour's policies on savings admittedly have flaws, in that they plan to increase taxation via the investment income surcharge. That too makes little sense in economic terms.

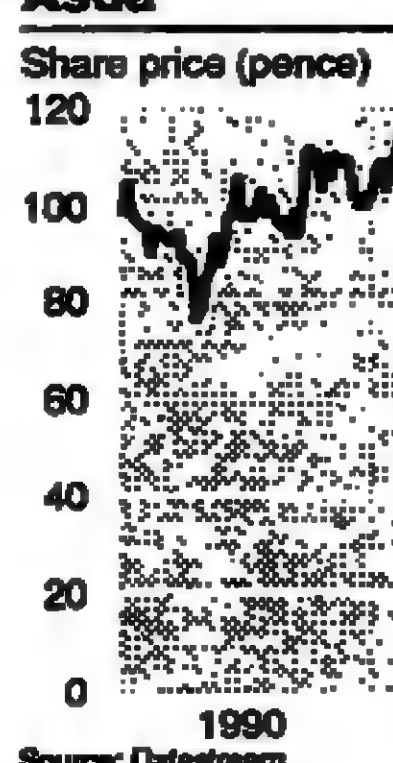
But one of their mooted proposals - taxing the recipient of inheritance rather than the estate - would seem to chime in far more with Major's meritocratic musings.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2601.1	+46.1	2679.6	2054.8	Bid inspires recovery from weakness
Anglia TV	185	-36	246	140	Franchise bid higher than expected
Berls Hldgs.	125	-38	254	125	Halved interim profits
Eurotunnel	423	-35	543	355	Dispute with contractors
Glaxo	1441	+74	1441	800	Share split soon
Lasmo	315	+17	397	294	Bid for Ultramar
Lloyds Chemicals	305	+25	306	163	Increased full-year profits
Penns	120	-170	330	103	Profits warning
Pilkington	159	+11	210	137	Analyst's recommendation
Rainers	73	-9	191	68	Institution sells stake
Scottish TV	623kd	+49	665	257 1/2	Low bid wins/queasy market
Shell Transport	534	+22	546	419	Firm crude oil price
Sunbelt & Vine	178	+28	180	110	Better prospect for independent products
Ultramar	351	+81	358	233	Bid from Lasmo
Yorkshire TV	159	-39	312	150	Franchise bid higher than expected

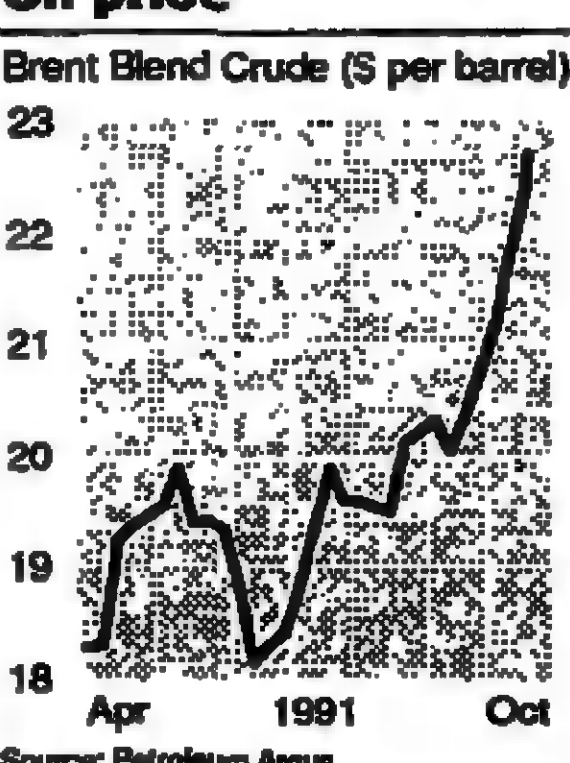
AT A GLANCE

Asda



Source: Datastream

Oil price



Source: Petroleum Argus

Good news at last for Asda

Asda's shares have slumped in the past year as the debt-laden supermarket group has struggled to compete with rivals. The group at last had some good news this week, with approval for a £37m rights issue and the appointment of a new chief executive, Archie Norman, formerly finance director of Kingfisher.

Oil prices hit post-Gulf high

Oil prices reached their highest levels since the end of the Gulf War this week, as traders tried to build stocks ahead of the winter and market fears concentrated on the potential for disruption to Soviet production.

National Savings rates out

Rates are being cut on the National Savings Investment Account and Income Bonds. Gross rates on the former will fall from 10.25 per cent to 9.5 per cent on October 28; the latter will be cut from 10.25 per cent to 9.5 per cent on November 28. Those holding the 32nd issue of National Savings certificates should also note that they will start to mature on November 12. If you have held them for more than five years, do not get stuck with the general extension rate (a measly 5.01 per cent); cash them in or reinvest them in other certificates.

New venture from Morgan Grenfell

Another investment trust joined the new issue queue this week. Morgan Grenfell Equity Income Trust will invest in small and medium company shares and aim for a 6.1 per cent initial yield. It is being sold with a PEP; here the high yield offers considerable advantages. Thirty million shares are being offered at 100p each, with warrants attached on a one-for-five basis. Applications, for a minimum of 500 shares, must be made by November 6. Dealings are expected to start on November 14.

Smaller companies hold steady

Small company shares showed little signs of nervousness this week as the fourth anniversary of the 1987 Crash drew nearer. The County Small Companies Index fell 0.2 per cent to 1014.5 in the week to October 17, while the Hoare Govett index (capital gains version) dropped 0.1 per cent to 1268.52.

Mass trust launch by Sanwa

Sanwa, the world's third largest bank, is launching ten authorised unit trusts in the UK on Monday. It is thought to be the largest number of unit trusts to have been launched simultaneously by one investment house. The Japanese company will aim its launch mainly at institutions and large intermediaries. The range of funds is wide but stresses international stock-picking opportunities - it includes two Japanese, one Asian, two American, one European, one international equity, and one international bond fund. There are also funds for the UK general and UK growth sectors.

The FT Review of Personal Finance

During the summer, investors took an optimistic view. But as winter approaches and John Major runs out of room for electoral manoeuvre, the ride could start to get rough. The autumn issue of the FT Quarterly Review of Personal Finance, published with next Friday's paper and reprinted with Saturday's, provides suggestions through uncertain times. Features include independent advice, insuring your car, and with-profits policies maturity values, plus a seven-page survey on unit trusts.

Wall Street

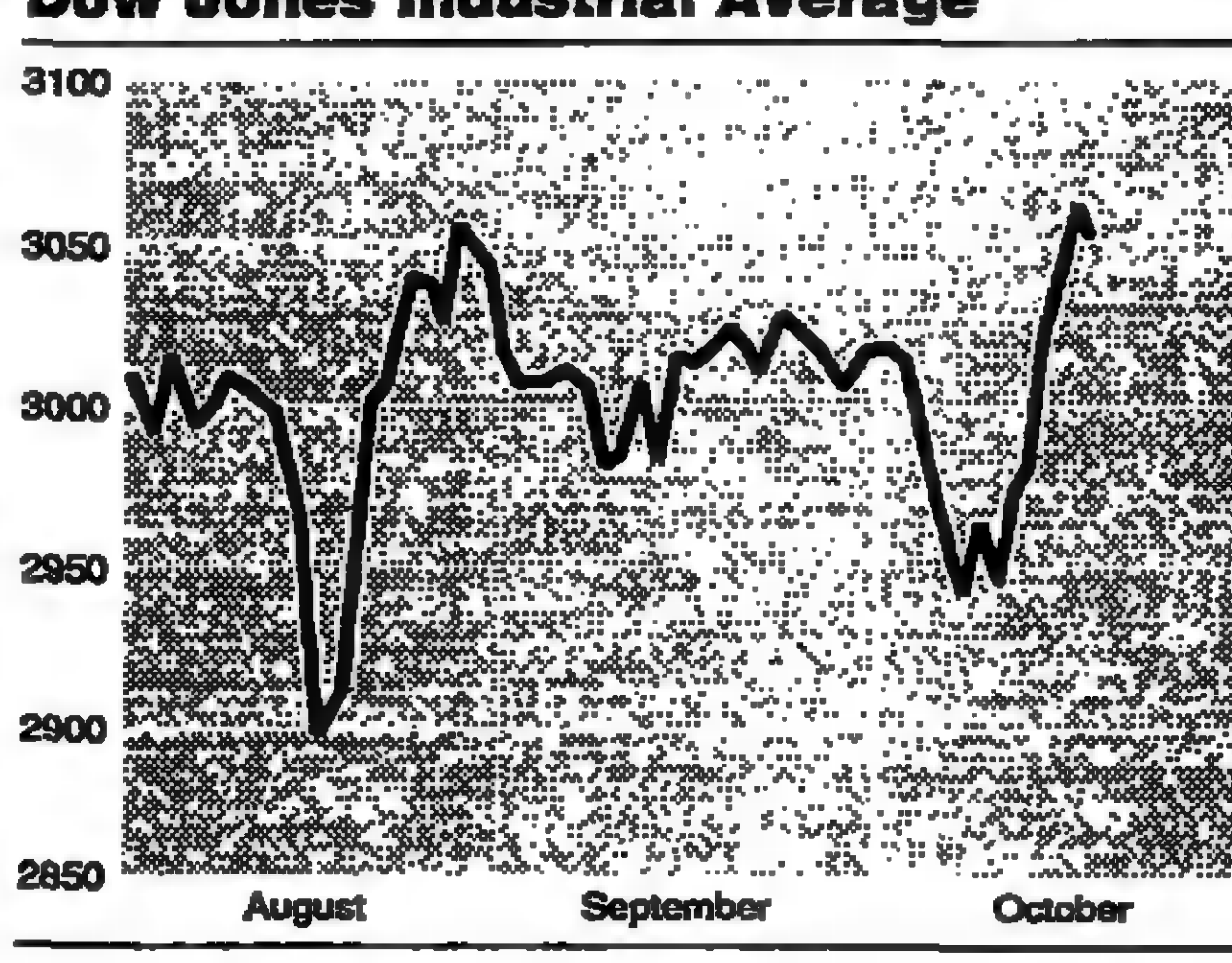
Corporate snapshots produce mixed picture

LISTEN TO the words of John Akers, chairman of IBM, the world's largest computer manufacturer, as he reported an 85 per cent drop in third-quarter earnings this week: "Although business conditions remain unsettled, we expect improvement in the pace of our business as shipments of our new product line build."

Now listen to John Smith, senior vice-president of Digital Equipment, the second largest computer manufacturer in the US, which this week announced a 9 per cent increase in first-quarter net income. "The economic malaise continues," he said, reaching "global proportions. We expect it will continue and are planning accordingly."

It has been a week of contrasting snapshots of the health of the US economy as corporate America pumps out its latest quarterly figures and offers Wall Street its sketchy, subjective views on the future. There is a danger of reading too much into companies' crystal-ball gazing, for they may simply be parroting the economic consensus, which tends

Dow Jones Industrial Average



annual selling rate of just 5.5m - well below the lacklustre 6.5m pace of the previous 30 days. Lee Iacocca, chairman of Chrysler, thought the US was at the bottom of a "huge, severe auto recession". Sales should improve next year, he said, but then added: "I don't want to say that any [rebound] is imminent."

Concerns that recovery may

monthly increase this year. The inflation figures, which may be an aberration, still rattle the bond market.

The data make it less likely that the Fed will cut short-term interest rates again in the near future - a move widely but incorrectly anticipated by the market for several weeks.

Still, the Fed is under strong pressure to ease from a White House which has grown increasingly worried in the past few weeks about the sluggishness of the economy, with a presidential election campaign looming a year from now. President Bush held a high-profile meeting with Republican Congressional leaders to work out a tax relief package aimed at stimulating growth, but his room for manoeuvre is limited.

On the brighter side, many large banks have produced third-quarter figures rather better than expected, along with indications that their difficulties with bad property and commercial loans may be stabilising. This in turn may eventually alleviate the credit crunch - banks' conservatism in extending new loans -

although the problem may be due as much to consumers' unwillingness to borrow.

An exception was Citicorp, the largest US bank, which shocked Wall Street when it suspended its dividend and announced a \$885m third-quarter loss, due partly to the write-down of its investment in Quotron, its financial information unit, and partly to the costs of slashing staff and other expenses.

Citicorp still faces huge difficulties, among them a capital ratio weaker than most of its main competitors. John Reed, the embattled chairman, said revenues were growing slower than expected and more cost-cutting would be needed to strengthen the balance sheet. Some analysts also question the adequacy of its reserves against problem loans, while Wall Street critics are beginning to ask whether Mr Reed is the right man to oversee the retrenchment.

Monday 3015.45 + 35.77
Tuesday 3041.37 + 21.92
Wednesday 3061.73 + 20.36
Thursday 3053.00 - 8.73

Martin Dickson

The Bottom Line

Albert Fisher no longer flavour of the month

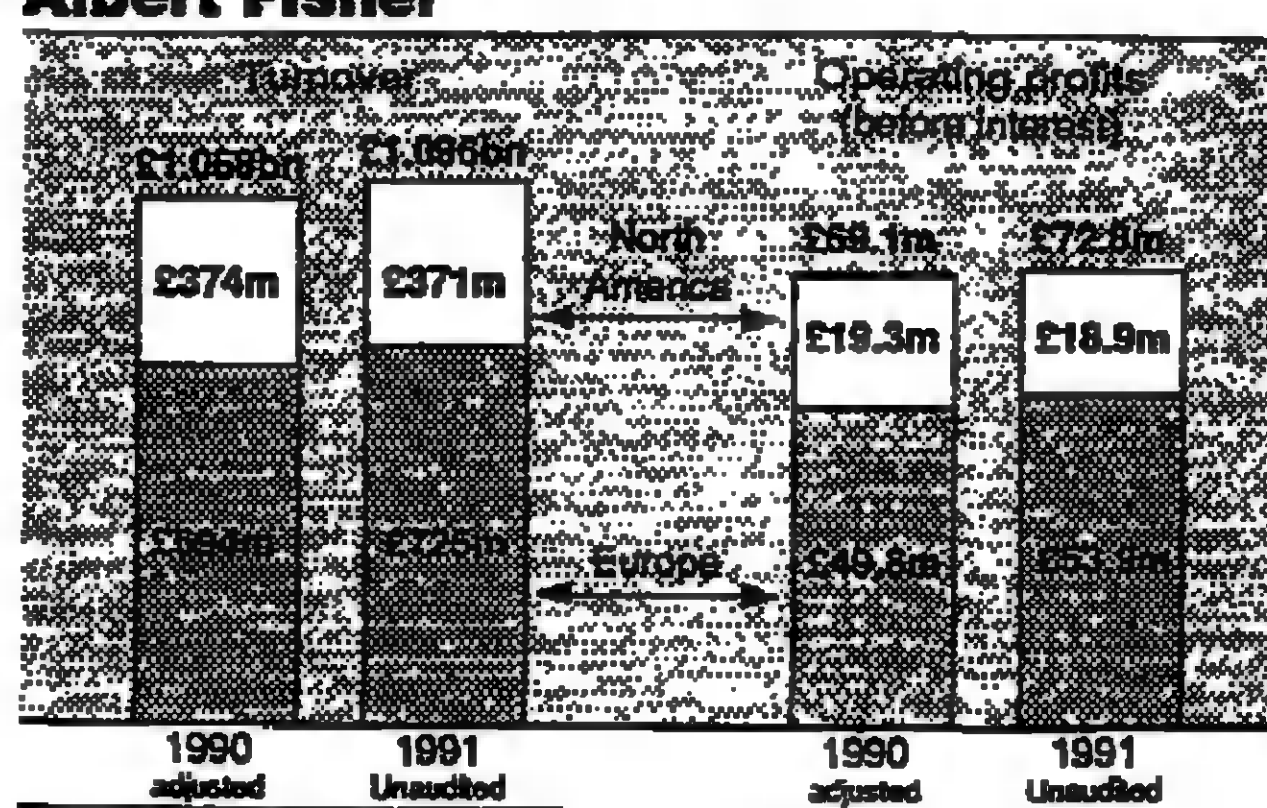
THE CITY seems to have lost its appetite for the shares of Albert Fisher, the fresh produce distributor and food processor, which was a stock market favourite of the 1980s.

The former loss-making Lancashire greengrocer has been built since 1982 into a leading food group by a series of more than 50 acquisitions. They were masterminded by Tony Millar, executive chairman, who spotted the trend towards healthier eating and believed the many highly fragmented businesses supplying fresh produce were ripe for consolidation.

This time last year Albert Fisher was hinting that it might be poised to use the proceeds of a 1989 rights issue and committed lines of credit to make a really large acquisition, big enough to take it into the FTSE 100 index.

A possible target was Dole Food, one of the leading banana suppliers in the US, which is about three times the size of the Albert Fisher.

Albert Fisher



drop in North American pre-interest operating profits from £19.3m to £18.9m.

The new chief executive in North America, Lenny Pipkin, aims to link the group's existing operations in Florida and California by making infill acquisitions across the south, starting with Texas and the New Orleans area.

depressed by a £3m loss on mushroom processing.

The problem was partly caused by a sudden EC ban on the importation of Polish mushrooms.

The opening up of eastern Europe and the Soviet Union may throw up occasional problems, but they are likely to be more than outweighed by the potential opportunities for a group which specialises in food distribution and already has a strong presence in Germany.

Millar points out the group is involved with the foods people are still being urged to eat more of - fish, fruit and vegetables. He says: "I believe the healthy eating trend of the 1980s will continue to be a major trend in the 1990s."

Albert Fisher has a strong balance sheet, with net cash of about £57m. Millar described the year past as a period of consolidation, and has ruled out any big acquisitions or issue of stock in view of the group's current low share price.

Albert Fisher shares closed yesterday 3p higher at 92p.

That puts them on a multiple of 8.8, well below the healthy rating Albert Fisher enjoyed until it fell out of favour.

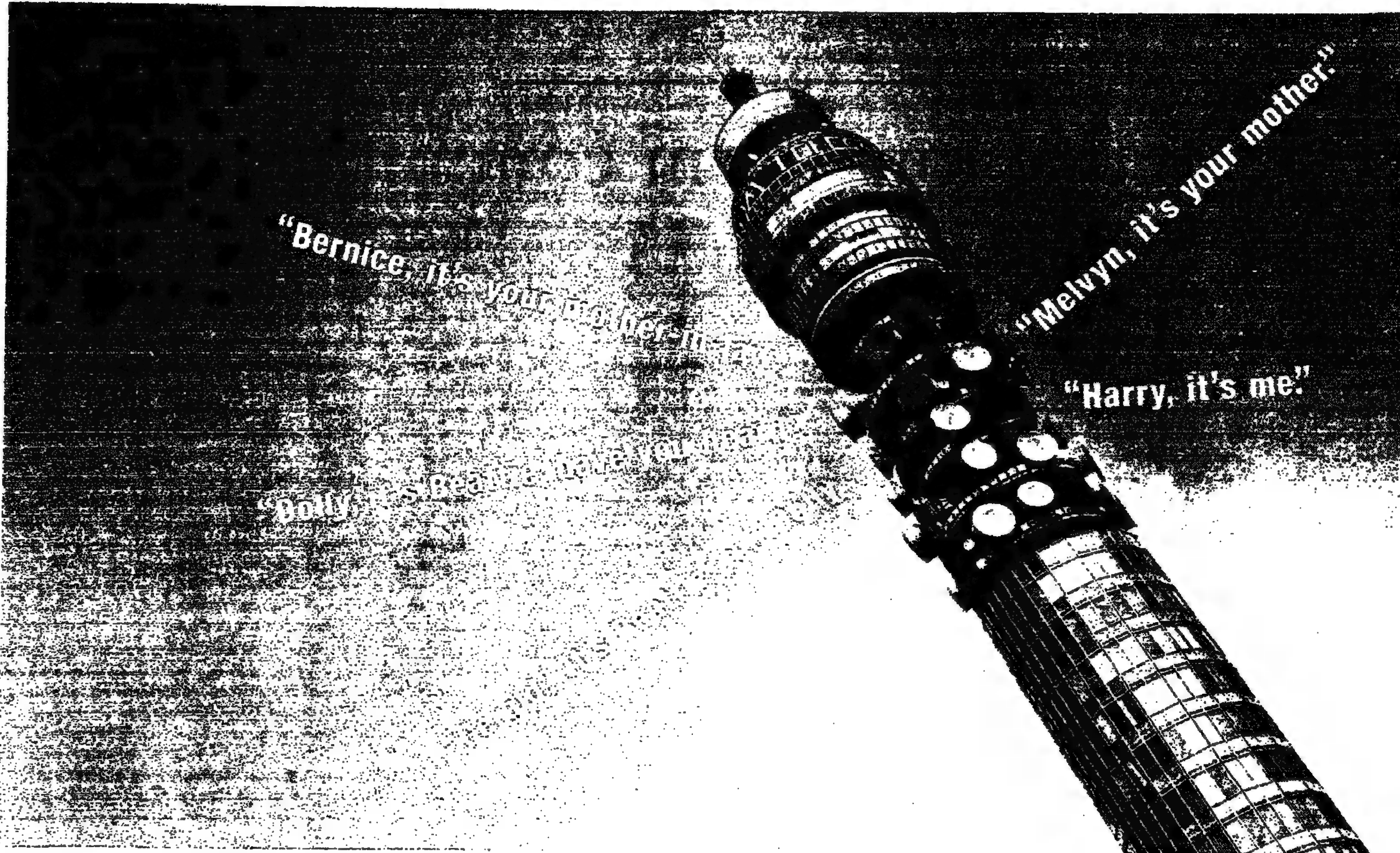
The group's basic strategy of consolidating a fragmented market and concentrating on higher-margin products remains plausible. Prospective investors who distrust the fickleness of the stock exchange may feel that the derating of the group from market favourite to underperformer had been overdue.

Albert Fisher will not make any big moves until it has regained the confidence of the market, and will have plenty of opportunities to acquire small, family-run businesses which will keep it occupied in the meantime.

Long-term investors may therefore be attracted at this price level, but they should realise that the very high growth rates which Albert Fisher achieved during the 1980s are unlikely ever to recur.

Andrew Bolger

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FINANCE & THE FAMILY

How to . . . choose a Personal Equity Plan

Attractive long-term commitment

PERSONAL Equity Plans can be an attractive, tax-efficient means of saving. They are being sold heavily this year as the general election approaches. If Labour wins, it is expected to abolish the PEP system, although old plans would continue.

PEPs allow investors to buy shares in companies, unit and investment trusts without paying tax on dividends, or capital gains. Like all equity-based investments, they should be regarded as a long-term commitment.

They appeal primarily to two classes of people. The first is those looking for income. A high-yielding PEP can offer an attractive and growing tax-free income. M&G's recent investment trust offered a 6.56 per cent yield, the equivalent of 11 per cent gross for a high rate taxpayer.

The second area for attraction is for wealthier investors who use up their annual £5,000 capital gains tax exemption. Putting a large sum into a PEP each year allows the investor to build up considerable tax-free gains. However, those looking for either income or capital gains will find that PEP charges mean that it can be several years before they make any real net savings in tax.

The limit on investments into a PEP in any one tax year is £5,000, although plans which invest only in unit trusts or investment trusts are normally

limited to £3,000. An individual has previously been able to take out only one PEP a year, but from January 1992 it will be possible to open a second PEP, investing a maximum of £3,000 in a single company's shares. Husbands and wives can each have a full PEP.

Previously, PEPs had to have at least 50 per cent of their assets in the UK to get the full allowance; those which did not do so were restricted to

Scheherazade Daneshkhu looks at one way of pepping up your savings

£1,500. In the Budget, the government extended this 50 per cent limit to EC countries, but regulations associated with this change have yet to appear. An exception to the rules is new issues. A full £5,000 of a new issue can be placed in a PEP, a provision which has greatly helped the investment trust industry. New trusts have been marketed heavily on the basis of the £5,000 PEP allowance.

If you want to buy shares,

rather than unit or investment trusts, there are three basic routes. Corporate PEPs hold the shares of one individual company.

They are used by companies to widen their shareholder base and as a service for employees who had bought shares in the company under a Save As You Earn or share option scheme. As from January, the £3,000 single company PEP will be added to this cate-

gory; in theory, you could place £3,000 in a single stock next year.

Most people will want to spread their risks rather than than one share in your PEP, you have two choices. If you know exactly which stocks you wish to hold, you can do so in a self-select PEP. Otherwise, you need a managed PEP, in which a financial company chooses the stocks and runs the PEP on your behalf.

So how do you decide which of the 400 or so available PEPs is right for you?

Investment amount. Are you able to put the full £5,000 into the PEP, or would you want to put in much less? The limit on investment in a unit or investment trust PEP is £3,000. If this is your maximum saving for the year, unit or investment trust PEPs would probably be the best. You will achieve a much better spread through one of these funds than with other types of PEP and charges should be lower. Many unit and investment trusts will "PEP" your savings (subject to a minimum) at little or no extra cost. For example, most investment trusts will "PEP" savings as low as £100 a month.

John Spiers, of Best Investment (071 936 2037) which publishes *Best PEP Advice* and *Best PEP Selections*, has reservations about the recently launched investment trusts specifically designed for the PEP market. "It is a nice idea to have £5,000 in one trust," said Spiers, "but you only have a choice of three or four compared to 400 PEPs elsewhere."

Spiers says the new launches tend to have a higher charging structure than other investment trusts, with some having charges of 6-7 per cent in the first year.

Be careful when you place partly paid shares into a PEP; this may cause complications when it is time to pay for the second instalment.

Performance. This is a hard one. PEPs have been going for only four years and that in a market trying to recover from the 1987 crash. Since PEPs have been launched at different times in different years, comparison is difficult.

However, it is obviously possible to compare the record of unit and investment trust PEPs over similar time periods. Chase de Vere (071 404 5765), which publishes *PEP Guide*, says it is not possible to make a "meaningful and fair comparison" between most PEPs. Instead, it urges investors to assess the expertise of the management group. Do they have a track record in this sector? How have they performed against market indices? Do they have the resources to maintain a long term commit-



ment to PEPs? are the vital questions. PEPs have an initial charge of anything from 1 to 6 per cent and an annual management charge of roughly

his CGT allowance) a 5 per cent charge is a turn-off. If the PEP pays an income of, say, 3 per cent, it could take nearly seven years for any tax saving to earn back the initial charge.

In general, the self-select PEPs are cheaper and are particularly good for investors who already have a diversified portfolio of shares. You will have to "bed-and-breakfast" these shares by selling them and then buying back to be able to put them into a PEP.

Best PEP Selections uses "Immediate Realisable Value" to compare charges on the most expensive PEPs, which are fully-managed or discretionary. This is based on what you get for cashing in your PEP immediately after buying it. Thus it incorporates all the main charges as a percentage of your investment. A PEP with an IRV of 92 per cent would be exceptionally good value and one of 88 would be expensive.

Spiers selects his top three managed PEPs on a combination of performance and charges. These are the Newton Mixed (IRV of 91.6 per cent), Fidelity Growth (IRV of 92 per cent) and Perpetual High Income (IRV of 92.2 per cent). PEPs will be marketed vigorously towards the end of the tax year. However, do not base your investment solely on the tax savings - you must be committed to holding your plan long term to make a decent profit and to earn back the charges.

NI rebates vanish down black holes

BY THE END of this month, 4.5m people will have seen the value of their personal pension account increased by up to £1,300, courtesy of the Department of Social Security. This is the maximum rebate an employee is eligible for if he or she used a personal pension to contract out of the State Earnings Related Pension Scheme (Serps) for the 1990-91 tax year.

But the system, in theory a simple rebate of employees' National Insurance contributions, has become a Heath Robinson contraption. There are so many wheels and sprockets, pulleys and chains, that breakdown is inevitable and when it happens it is virtually impossible to trace the cause.

Concealed at intervals along the production line are black holes into which rebate money can slip unnoticed and unclaimed for months on end. The rebate system appears to be run by the DSS for the benefit of pension providers - there is no direct contact with the consumer.

The rebate, which should reach your pension provider by the end of October at the latest, is calculated as a percentage of your "middle band earnings" for a given tax year. Middle band earnings are those which fall between the NI lower and upper earnings limits. For the 1990-91 year, these limits were £2,392 and £18,300, giving maximum middle band earnings of

£15,908. This figure is multiplied by 8.47 per cent - the rebate rate for 1990-91 - giving a maximum of £1,359. Bear in mind that the rebate is calculated on a monthly basis. If your earnings fell below the upper NI limit in any month, you will not get the maximum rebate even though your total annual earnings were over £18,300.

Further confusion arises for job-changers. If you have more than one employer during the tax year, the DSS will calculate a rebate for each period of employment and send out separate payments.

A particular problem affects employees leaving a job within two years of joining the company final salary scheme. Here, it is possible to take a cash refund of contributions after a deduction is made for tax and back-payments of NI contributions to cover Serps benefits. If you are in this position, although your NI contribution record is complete, you cannot get a rebate under a personal pension for any months covered by these back-payments.

The Contributions Agency, the section of the DSS that calculates the rebate and sends it to the provider, relies on the employer to send accurate information, but employers do make mistakes. The DSS can usually retrieve the rebate money from this particular black hole but it takes time and delay your investment. Chartered accountancy firm Blick Rothenberg identified

a further problem that often arises during a recession when troubled companies sometimes do not pay NI contributions to the DSS. Martin Korn, a partner with the firm, said: "If your employer hasn't paid over your contributions or correctly dealt with this matter, you are still due your credits and the rebate. The onus is on the employer not the employee - but you might have to fight for your rights through the DSS."

Once the provider receives the money from the DSS, it should be invested immediately into your personal pension account. This does not always happen and it is not easy to check because there is no industry-wide procedure.

Norwich Union, Standard Life, Legal & General and Sun Life notify clients each time they receive DSS money and note the tax year to which it applies, plus the date the money was invested.

Others follow the example of Prudential, which sends out annual statements on the anniversary of the policy date simply noting the amount of money received from the DSS over the past 12 months. Under this system, there may be a delay of up to 12 months before receiving notification of rebate if you took out a policy in the spring. Dealing with errors at this stage would be difficult, particularly if the DSS payment spanned two tax years and the provider gave no breakdown of money received.

Clearly, it is vital to press providers for timely and detailed information. When you receive your notification, you should take up a query about the allocation of contributions with the provider but if you disagree with the amount of the rebate, write to the Contracted-Out Employment Group, Contributions Agency, Newcastle upon Tyne NE98 1YX, quoting your NI number and the name of your personal pension policy as it appears on your contribution notification.

Debbie Harrison

EARLIER THIS week, I posted a cheque for the second instalment on my regional electricity company shares to meet the payment deadline of 3pm on October 22.

More than 1m people had their original applications for electricity company shares scaled down in the public share offer last year. I was one of them. My wife, two daughters and I each received 200 shares in our local company, Southern Electric. We have retained the shares because the rewards have been quite good.

Already, for each £200 originally invested, we have received electricity vouchers worth £36 to offset against our electricity bill, plus a dividend cheque for £20.24. My wife and two daughters will also claim back, at the end of the tax year, a further £5.74 each. As their earnings are too low to pay income tax they can utilise the £5.74 tax credits on the dividends and claim back deducted tax from HM Inspector of Taxes.

Southern Electric's share price has also performed well, being more than double the price at which the shares were first offered. As to the company's prospects, I was fortunate enough to be able to attend Southern Electric's annual meeting earlier this month in Bournemouth. That meeting helped persuade me to pay the second instalment on my shares and view them as a long-term investment.

Southern Electric seemed to have made considerable efforts

Diary of a Private Investor/Kevin Goldstein-Jackson

A plug for electricity

to please its shareholders. In the chairman's "Message to Shareholders" he stated that the Bournemouth International Centre had been chosen as the venue for the meeting because of its "modern and flexible meeting facilities, as well as its ease of access by rail and road transport".

Free tea, coffee and a nice selection of biscuits were available. For more than 1½ hours before the start of the meeting, and for a considerable time afterwards, Southern Electric staff were available to answer shareholders' queries as well as to deal with any "customer problems".

I took with me the admission card sent with the annual report and accounts, as the card stated that it was "evidence" of my right to attend and vote at the meeting. However, a steward rejected my card as it only had the name "Kevin" printed on it by the Southern Electric's computer.

As no one appears to have nominated me for a peerage so I can be Lord Kevin, and as Southern Electric is not so informal as to call their shareholders just by their first names, I was asked to take the card to the shareholder inquiry desk and have it validated with my full name and replaced. All this was accomplished with courtesy and tact.

Inside the hall, a large area had been set aside for the disabled and the hard of hearing and, throughout the meeting, a lady stood at one side of the stage and interpreted in sign language.

The proceedings began with a five-minute film describing some of Southern Electric's operations. Then the directors of the company walked on to the stage, which had been tastefully decorated with white classical columns against a blue background, with small,

It's worth retaining a modest holding for the annual free show and tea and biscuits

winking star lights.

The chairman, Duncan Ross, handled the proceedings in a friendly but businesslike manner. After outlining the company's performance and introducing the other directors and explaining the various formal procedures for the meeting, it was time for questions.

There were about 500 shareholders at the meeting, but few chose to speak. Many of the

questions were asked by members of Southern Electric's staff (who are also shareholders) even though they had already had an opportunity to ask such questions during road shows and briefing meetings with the management.

One shareholder, a lady from Winchester, described her four years of problems with her central heating system. The managing director said there was "no excuse for the saga" and he would look into the matter personally. The chairman, too, said he deals personally with any letters sent to him.

There were also the expected questions about the "grotesque increases in salary" of the chairman and directors. The chairman of the remuneration committee, the Hon. Geoffrey Wilson, was deputed to answer and he referred to the need to attract and retain key members of staff, the changed nature of the company since privatisation, and so on.

To people sitting behind me, the Hon. Geoffrey Wilson's cultured tones did not go down too well. Perhaps they would have preferred a cockney voice to have confirmed "they ain't ripping you off mate, they deserve the money!"

One questioner said: "Eleven muppets could run the company - it's a monopoly," and asked: "If salaries were too low

before privatisation why weren't the management heads hunted or why didn't they leave?" The chairman explained the difficulties they had had before privatisation in securing certain people for particular jobs. He also said: "Directors should be paid the rate for the job. If we don't perform you can get rid of us." Admirable sentiments.

After some more questions and with the passing of all the resolutions, the chairman declared the meeting closed, less than 1½ hours after it began. There was applause from the shareholders, followed by the gravel voice of a male blues singer who started a song that began: "Oh Baby, I Learned How to Dance."

There were mild chuckles at this as the shareholders left the hall for more free refreshments.

I would strongly urge all shareholders in electricity companies and who have a shareholding to attend their company's annual meeting. It is an interesting, and pleasant, experience.

Also, if you have any long-lasting problems with your electricity supply or a problem bought from an electricity company show room, write to the managing director or chairman pointing out that you are considering raising the problem at the next AGM. The likelihood is that the problem will be sorted out very quickly.

It is worth retaining a modest holding of electricity shares just for such impetus to action - and for the annual free show and tea, coffee and biscuits.

The 175,000 policyholders eligible to vote, should have received details by post. Voting forms must be returned by November 9, although policyholders can vote in person at the special general meeting in Glasgow on November 11. At least 75 per cent of voters must be in favour for the scheme to be approved. The court in Edinburgh must also give approval.

Policyholders opposed to the deal should contact Douglas McGhee, of accountants FL Walker & Co, at 061-949-4211.

John Authors

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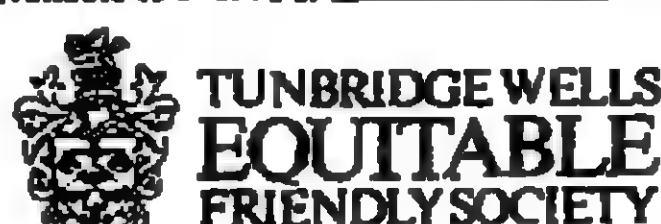
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Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Cadbury Schweppes	35,000	148	1*
CRT	2,050,000	2,296	4
Hatfield (James)	30,000	111	2*
Hoskyns	410,000	1,599	4
Invesco MIM	55,000	57	1
Isobron	15,500	30	4
Kleinwort Benson	50,000	170	1
NP	73,245	180	1
Pendragon	100,000	180	1
Pittard Gardner	75,000	73	2
Sage Group	10,000	27	1
Smith & Nephew	20,000	25	1
Weiss Group	50,000	134	1
WSP	30,000	21	1
PURCHASES			
Assoc Nursing Serv.	28,080	20	3
British Aerospace	4,000	16	2
Bulmer (H.P.)	4,450	12	1
Cpti & Reg Property	35,000	30	2
Dencora	50,646	60	1
Ent'prise Computers	2,050,000	164	1
Freeman Group	10,000	10	1
Holmes Protection	1,250,000	563	1
Peel	22,000	15	1
Suter	20,000	25	1
Venture Plant Group	713,722	18	3
Walker Greenbank	25,000	14	3

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. Transactions, including the exercise of options (*) at a value over £10,000. Information released by the company.

Not all independent financial advisers take McCann's view. Kenneth Davy, chairman of DBS Financial Management, said: "I wouldn't consider it damaging to the independent sector. The decision was made for reasons unrelated to independent advice, and the more artificial interference you have with what you could call normal commercial judgment, the less desirable it is for the industry."

Account	Telephone	Notes/term	Minimum deposit	Rate %	Unit
INVESTMENT A/Cs and BONDS (Gross)					
Southdown BS	SuperSaver	0273 471571	Instant	£110.25%	Y/Y
Bradford & Bingley BS	Direct Premium	0345 247247	Instant	£1,000 11.50%	Y/Y
Britannia BS	Capital Trust	0800 636263	Instant	£2,000 12.15%	Y/Y
Northern Rock BS	Eclipse	081 285 7191	80 Day	£50,000 11.61%	M/Y
Lancashire BS	Lancashire Bond	081 543 1021	31.8.92	£25,000 12.25%	Q/M
Chelsea BS	2 yr Option Bond	0800 272525	2 Year	£5,000 12.20%	Y/Y
Leeds & Holbeck BS	Special BondShare	0532 459511	2 Year	£10,000 12.25%	Y/Y
TESSAs (Tax Free)					
Allied Trust Bank		071 626 0879	5 Year	£9,000 13.24%	Y/Y
National Counties BS		0372 742211	5 Year	£3,000 13.10%	Y/Y
Lambeth BS		071 529 1331	5 Year	£20 12.90%	Y/Y
Darlington BS		0225 457171	5 Year	£7 12.90%	Y/Y
HIGH INTEREST CHEQUE A/Cs (Gross)					
Caledonian Bank	HICA	031 558 8238	Instant	£1 10.00%	Y/Y
UDT	Capital Plus	0734 590 411	Instant	£1,000 9.90%	Q/Y
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000 10.70%	Y/Y
Northern Rock BS	Current Acc	081 285 7191	Instant	£25,000 11.20%	Y/Y
				£25,000 10.71%	M/Y
OFFSHORE ACCOUNTS (Gross)					
Portman Channel Islands	Channel Is Acc	0481 822747	Instant	£1,000 10.70%	Y/Y
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000 11.50%	Y/Y
Alliance & Leicester (ICM)	Manximum 30 Day	0524 933568	80 Day	£25,000 11.00%	Y/Y
Yorkshire BS Guernsey	Key Extra	0461 718888	180 Day	£50,000 11.95%	Y/Y
Bradford & Bingley Douglas	Max Ind Bond III	0524 622533	1 Year	£25,000 11.75%	Y/Y
GUARANTEED INCOME BONDS (Net)					
Hambro Guardian FN		0800 282536	1 Year	£5,000 8.50%	Y/Y
Canterbury Life FN		0227 457375	2 Year	£5,000 8.75%	Y/Y
Prosperity Life FN		0800 521 546	3 Year	£2,000 8.75%	Y/Y
Liberty Life FN		051 440 8210	4 Year	£25,000 8.90%	Y/Y
Aetna FN		0800 010576	5 Year	£25,000 8.95%	Y/Y
NAT SAVINGS A/Cs & BONDS (Gross)					
	Investment A/C (8.50% WEP 29.10)		1 Month	£5 10.25%	Y/Y
	Income Bonds (10.25% WEP 28.11)		3 Month	£2,000 11.00%	M/Y
	Capital Bonds C		5 Year	£100 11.60%	Q/M
NAT SAVINGS CERTIFICATES (Tax Free)					
	30th Issue		5 Year	£25 8.50%	Q/M
	8th Index Linked		5 Year	£25 - 4.60%	Q/M
	Childrens Bond F		5 Year	£25 11.24%	Q/M

مركز من المال

MINDING YOUR OWN BUSINESS/FINANCE & THE FAMILY

The art of running a gallery

FLYING COLOURS gallery looks like many other small art galleries in Britain. It is on a side street in an upmarket part of Edinburgh and consists of just two ground floor rooms. It was founded as a one-person business and still has only two full-time workers.

While many small galleries in Britain, especially in London, are going bankrupt and closing, Flying Colours is flourishing. "This is our most successful year since we began," says Jane Houldsworth, who set it up in 1984.

Jane, who was then 29, had become dissatisfied with her job as a cartographic editor. Turned down for a job at a gallery she decided to start up her own. Nothing that art galleries tend to be either by "people who are totally business oriented or who are arty without a business bent at all," her hope was to supply a combination of the two.

She bought the freehold of a shop, borrowing £23,000 privately (the loan is being rolled over). She put £7,000 of her savings into renovating and equipping the premises, including buying framing equipment. She enrolled on the Enterprise

Allowance Scheme which paid £50 a week for a year and went to its seminars.

She made contact with artists, going around the Scottish art colleges as they staged their end-of-session exhibitions. "I have a geography degree, not a degree in art, but I had a strong sense of what I thought was good," she says.

The gallery opened with a mixed exhibition of paintings mostly by artists who had not exhibited before, with an average price of £75. Jane framed all the pictures and typed the labels. She sent out 100 handwritten invitations for an opening party and the gallery got off to a good start.

James Buxton on a woman with a love of art and a head for business

"Usually you know which way up to hang the paintings I sell, but that doesn't mean they are two landscapes."

One discovery for which she claims credit is Shona Barr who she found at Glasgow School of Art. She does what Jane calls "large, near abstract oil paintings". Flying Colours staged her first exhibition in 1989 and took her to a London gallery last year.

"I have to really love what

the artists I support do if I am to exhibit them," she says. She visits them in their studios and discusses how to compile a balanced show.

Since there is not much passing trade the mailing list which contains 2,000 names is crucial. Because the gallery is small not everyone can be invited to every show and the list is broken into ten categories according to the type of picture customers prefer and the amount of money they can spend (the pictures range from £300 to £5,000).

"To get 150-200 people at a private view we have to send out 1,200 cards," she says. The mailing list is handled by an external bureau but she plans to buy a computer to handle stock records and mailing.

From turnover of £22,000 in the first year, sales quadrupled by the end of the third year and this year's turnover is expected to be more than £100,000. The gallery, she says, has not been affected by any obvious recession in the Edinburgh art market.

After the first eight months, Jane took on part-time staff, and two years ago she engaged Jane Waywood as a full-time manager. The gallery also

employs part-time help for about 15 hours a week.

It first made a profit in its second year. As sole trader Jane Houldsworth lives off the net profit, which she says was roughly 15 per cent of turnover in the last financial year.

"The upside is the volatility of it all," she says. "You're relying on people's whims and extravagances. A solo exhibition can turn over as little as £3,000 and hardly cover costs or might bring in £30,000."

"The upside is being in a busy and interesting world, seeing what artists think and meeting collectors - endlessly discussing art."

Success, she believes, is due to a mixture of genuine enthusiasm for the pictures, close control of costs and long hours. "I've never sat in the gallery reading a newspaper or been past five years, even when an exhibition has nearly sold out at the private view."

She aims now to get larger premises to provide more hanging, office and storage space. "That was obvious after the first six months but I had to get on the map first."

Flying Colours Gallery, 35 William St, Edinburgh EH3 7LW. 031-225 6776.



Canvassing for business: Jane Houldsworth outside her gallery in Edinburgh

One man and his advertising agency

HYWEL William's first choice of career was acting. The stage runs in the family: his father is a television scriptwriter, an aunt is an actress, a sister is in television production in London, one uncle is a BBC presenter and another a studio manager.

But his parents, in true Welsh style, wanted him to do something "respectable". So he studied law and started his articles before abandoning the law in favour of media studies which led him, seven years ago at 25, into television and, more specifically, the production of commercials.

Hywel now runs pow wow, a one-man company based in Penryn-deudraeth, north Wales. He is the man, pow wow is a limited company and Hywel has two other directors but they have a consultative rather than an active role. Hywel chose to set up pow wow as a limited company because of the image.

"I am dealing with advertising agencies, or directly with companies and local authorities, who think I have more standing as a company than as a sole trader. Perhaps it

would not work for everyone but it does for me and it certainly does in this business."

Hywel was brought up in a Welsh-speaking area. Working in a Welsh-speaking area is, therefore, no hardship nor is it a drawback professionally. The television production industry in Wales is second only in the UK to London. It has grown from the large output of programmes in Welsh broadcast by both the BBC and the commercial companies. Those programmes attract Welsh advertisers - and companies such as pow wow have mushroomed. The industry is based in Cardiff and in Caerphilly which is half an hour from Penryn-deudraeth. Hywel can drive to Caerphilly and hire equipment from facilities companies in the town.

While the thrust of his work is towards Sianel 4 Cymru and HTV, the Welsh commercial channels, his work is more widely based. Most of it is television produced but he also produces corporate videos. One of the barriers he has to overcome with potential clients is cost. Most think television is prohibitively expensive as an adver-

tising medium and at the top end it certainly is. But pow wow works in the cost shallows and can produce a commercial for £300-£400.

Even air-time need not be prohibitive, says Hywel. In north Wales a 10-second spot can be had for just over £100. That, admittedly, gives the client little more than a primitive advertisement made up of three slides containing the essential facts such as the advertiser's name, address and product. A stage higher is what Hywel calls "minimal paint-box" with the message spoken by a TV station's continuity announcer. The next stage, and the most popular, is a digital video effect with voice-over which can be made for £1,000-£2,000.

The top of the scale would be a commercial with live action, graphics and voice-over and this becomes not just more expensive but also more time consuming.

Hywel has been able to trade without being involved with bank or other debt.

"I took a conscious decision to work with minimal finance," he says. "With plenty of equipment available I could

just hire the bits and pieces needed for any particular job."

The standard start-up costs, such as equipping an office, were minimal as there is plenty of office space in the area and costs were kept to a minimum by sharing with another small company. Hywel had saved some money in his previous job and received some commissions before he started which paid him up front. Now that he has got through that stage he is beginning to invest in some equipment out of income.

"I have been fortunate in some of the people I have worked for and the encouragement they have given me since branching off on my own," he says. "At Barrow (Red Kite in Welsh), a facilities company, I had a lot of support when I went solo and I remain close to them. Going off on your own is quite a step and it helps enormously if you have a buffer."

If there are pressures in working alone there are also compensations. "National advertising with its big budgets is another game altogether," he says. "But regional advertising is a good alternative and it is a growing

business. In particular, Welsh advertising is bound to grow because it is a market that has hardly been tapped.

"You have to accept, though, that budgets are limited, especially now in the recession. There are no big spenders, no Procter and Gamble, and here. So I have to create an awareness for my clients of what television is about and what an impact it can have for them."

Hywel does not necessarily see himself as a one-man business for ever. He would like to grow, indeed, he believes he is capable of growth. He sees the advertising industry as narrow-minded and centralised, thinking London the be-all and end-all of the world. "That view Hywel believes is old-fashioned, out-moded. With minimal overheads, access to the best technology and the edge that competition hones centres like Caerphilly cannot fail to expand. If only, he says, the London agencies understood that."

pow wow communications, Midland Bank Chambers, Penryn-deudraeth, Gwynedd LL58 6EL. 0766-771361

Anthony Moreton

Good time to get in a fix

David Barchard on the rise of fixed-rate mortgage products

THINKING OF switching to a fixed rate mortgage while rates stay low in the run up to the next general election?

If you are, you are not alone. Homeowners are flocking to fixed rate mortgage products. Midland Bank says that £50m in its 11.9 per cent APR fixed rate mortgages has been lent to 1,000 borrowers in the four weeks since the offer came on the market.

One reason you need to be swift is that fixed rate products appear only in limited tranches, and a good product is quickly exhausted.

Town & Country building society is offering a four-year fixed rate mortgage at 9.5 per cent for the first year and 10.5 per cent for the next three years. There is a maximum advance of 90 per cent for new mortgages and 80 per cent for remortgages. Redemption penalties are three months' interest during the first four years; there is also an arrangement fee of £395.

The drawback is that only £10m is available, at least initially, and T&C expects the mortgage to be sold out within three weeks.

When sifting through the plethora of fixed rate offers, most people will be best advised to choose those fixed rates which end after only one or two years. There is little point in returning to a variable rate when interest rates are probably going to be rising again after the election.

You should also look carefully at the APR - rather than the headline interest rate - to judge whether you are really getting an outstanding deal.

Midland's 10.6 per cent mortgage, carried until September 1993, carries a less impressive-looking APR of 11.9 per cent. Clentham & Gloucester marketed a mortgage recently at 10.2 per cent for five years: the APR was 11.5 per cent.

It was nevertheless an outstanding offer and not surprising did not last long. The market felt it was underpriced as further interest rate cuts look less likely than they did a couple of months ago.

Another attractive five-year fixed rate was placed on the market this week by BNP Mortgages. It is offering a package of 10.65 per cent (APR 11.2 per cent) with a maximum

loan to value of 95 per cent. Solicitors' costs other than stamp duty, mortgage indemnity premiums and arrangement fee may be added.

The mortgage is transferable and portable, but if you redeem it in the first two years there will be a hefty charge of five months' interest, subsequently falling to two months. There are no repayment mortgages available.

With interest rates cuts looking less likely in the short-term, prospects of a new generation of long-term fixed rate mortgages under 10 per cent are fading. But there are one or two mortgages near this price.

Firstdirect, the telephone banking offshoot of Midland Bank, put a 9.9 per cent (APR 10.8 per cent) two-year mortgage on the market this week.

A three-year fixed rate may also be worth thinking about. Bradford & Bingley is offering a three-year fixed rate at 10.2 per cent (APR 11.8 per cent). This is available for all types of mortgage, including buy-to-let. However, on remortgages there is a maximum loan to valuation ratio of 80 per cent.

If you have specialised needs, including inheritance tax problems which may prevent you passing on your house to your heirs when you wish to do so, there are now some 99-year mortgages, although these are variable rate products.

MCM Mortgages is launching one next week and there is already a 99-year mortgage on the market from the Life Association of Scotland, with funds from C&G Guardian. These mortgages tend to be very similar to interest-only mortgages.

Mandy Witt, a mortgage broker at Greig Middleton, says she is arranging a number of these mortgages for customers with inheritance tax concerns. Like other mortgage brokers, she reports a stream of business in fixed rate products, although almost all of it is remortgage business.

What kind of fixed rates do the mortgage brokers dream about these days? "My perfect mortgage in the present market would be a 10 per cent mortgage with a ten year life," says Witt. Will anyone on the market produce one?

BUSINESS SOFTWARE

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FOOD & DRINK

Behind the Swing Door

A legal maze for those who serve

Nicholas Lander starts a new series on the practicalities of running a restaurant



Liz Southern: smoothing the path to a drinks licence

IN RETURN for a mere £12.50, payable once every three years to the clerk of the licensing court, any restaurateur considered suitable by lay magistrates can obtain a licence to serve alcoholic drinks. A small investment, you may think, for what may account for 40 per cent of the profits – but you should consider the conditions carefully.

You must ensure that you can establish a successful restaurant to make the licence worthwhile. With the help of your solicitor, you must prove yourself, and any fellow licensees, to be of suitable character. Objections from local residents, competitors and possibly the police may also have to be overcome.

I spent a morning at a City of Westminster Licensing session with a leading London lic-

ensing solicitor, Liz Southern, of Pennington's, who sometimes spends five days a week in court pleading for her clients' economic future.

A minefield, a complex and often very frustrating world, were the phrases Southern most frequently used to describe her legal world. Explanations for this complexity lie in the past and in the by-laws of our boroughs.

Part of the 1751 Disorderly Houses Act is still valid today. The paternalistic attitude towards the granting of licences and opening hours dates back to the First World War and Munitions Minister Lloyd George's desire to keep the increasingly well-paid munitions workers out of the pubs. Anyone wishing to cash in on the latest craze for karaoke must have at least three extra licences (perform-



ing rights, public entertainment and cinema graphic) and, in some boroughs, magistrates will not permit alcoholic drinks to be served at pavement tables.

Southern's job is to translate her clients' dreams of restaurants, wine bars, hotels and night clubs, into legal reality.

The onus is still on an appli-

cant to prove that he or she is not only a fit and proper person but also whether the area relating to the application needs another bar, restaurant or drinking club. Twenty-one days before the licence hearing Southern will submit the statutory notices, sample menus and wine lists, personal references, architect's drawings and artist's impressions to assuage concerns the magistrates might have.

Both the magistrates and the police will want to know about the character of a prospective licensee.

The magistrates look at two sets of plans. The first is of the proposed restaurant which has to show all the licensed premises within a quarter-mile radius and can cost the restaurateur a minimum of £350. The second is an architect's plan which shows the bar area,

location of tables, kitchens, fire escapes and lavatories. These cause headaches for the prospective restaurateur because they introduce three obstacles – the local fire officer, the environmental health officer and the police – all of whom are present in court and can raise objections which may delay opening.

The plans also give precisely the area the justices will license. If you decide to change or increase the layout of the bar area, or extend the premises, you must apply to the court for permission before starting work. This is a factor only too easily forgotten by licensees, big and small.

Over the past year Southern has been called in at the last minute to act for a national sporting ground and a big hotel after each had found building work nearing comple-

tion but licensing applications forgotten.

A restaurateur's brief encounter with the court can cost anything from £500 to £2,000, whatever the outcome. However, the recession has not lessened the demand for Southern's skills. While big companies have shelved expensive plans for leisure complexes, many clients have been attempting to extend their licensing hours to maximise revenue. Wine bar applications have been replaced by those for brasseries, which stay open longer, have greater appeal for women and families.

In the past 18 months Southern has seen a new type of client emerge: those with a redundancy cheque in their pockets and their sights set on a liquor licence who are hoping to find a pot of gold behind the swing door.

Cookery/Philippa Davenport

A celebration of apple appeal

APPLE DAY was born on October 21 last year. Its birthplace, appropriately enough, was Covent Garden, London. This year the celebrations will be further flung, with apple events held up and down the country.

Organised by enthusiasts of all sorts, there will be apple tastings and identification parades, orchard tours and apple wood carving, apple bobbing and wassailing, the replanting of an orchard, cider pressing and coopers, pruning demonstrations, apple pie competitions, and more.

Common Ground, which started it all last year, has chosen Apple Day to publish a charming slip of a book, just right for Christmas stockings. *The Apple Source Book* (Common Ground, £4.95) offers a gazetteer of regional apple varieties, a list of specialist nurseries and fruit farms where good selections are to be found, a lovely introduction to the diversity of British apples by Dr Joan Morgan and a choice handful of recipes, two of which I quote below.

A few years ago it was difficult to find much more than Cox, Bramley and French Golden Delicious in our shops. Now supermarket rivals are in hot competition to become apple supremos. Safeways, Sainsbury and Marks & Spencer intend to woo us with 20 or so "traditional" or "old-fashioned" varieties of apple apiece. Common to all their selections are such old favourites as St Edmund's Pippin (alias St Edmund's Russet),

Ashmead's Kernel, Ellison's Orange, and Kidd's Orange Red.

Marks & Spencer plans to sell Ribston Pippin, my father's childhood favourite. Some of Sainsbury's fruits will be organic, and Safeways boasts some grown at Brogdale, where the national collections of orchard fruits are kept and new varieties undergo trials.



APPLE & FENNEL SALAD
Patricia Hegarty of Hope End Hotel serves this lovely salad on its own or to complement cold pork, chicken or pâté. She recommends an aniseed apple such as Ellison's Orange, or crimson Belle de Boskoop to point up the emerald of the fennel fronds.

2 Florence fennel bulbs; 4 dessert apples; 1 garlic clove; a large pinch of sea salt; 1 teaspoon fennel seeds; 5 teaspoons virgin olive oil; 1 teaspoon cider vinegar; 1 teaspoon Mouton mustard.
First make the dressing. Crush the garlic with the salt. Whizz the fennel seeds in a liquidizer to release their aroma, then add the garlic and the remaining dressing ingredi-

ents and whizz together. Cut the fennel bulbs in half lengthways, then across in thin slices. Depending on how much fennel frond there is, either mix into the salad or reserve for decoration. Leaving the pretty peel on the apples, cut, core and slice them to match the fennel pieces. Dress the salad, tossing well to prevent the apples from browning.

CREME NORMANDE
An irresistible pudding from Sophie Grignon, to serve 6 people – or 4 after a light meal.

1 lb scented eating apples (Cox's Orange Pippin or Kidd's Orange Red); 4 tablespoons Calvados or brandy; 1 oz butter; 6 tablespoons caster sugar; 3 egg yolks; ¼ pt whipping cream; 2 tablespoons flaked almonds.

Peel and core the apples. Chop roughly and toss in the Calvados. Set aside for 1 hour. Drain off the Calvados and reserve. Either divide the apple pieces between 6 small ramekins or put them all into a single ovenproof dish. Dot with butter and sprinkle with half the sugar. Bake at 400°F (200°C) gas mark 6 for 20 minutes.

Mix the reserved Calvados with the remaining sugar, the egg yolks and cream. Take the apples out of the oven and pour this mixture over them. Scatter the flaked almonds over the top. Stand in a roasting tray, filled to a depth of 1 inch with hot water, and return to the oven. Bake for a further 20-30 minutes until the cream is almost set but not quite solid. Serve hot, warm or cold.



This pleasing illustration comes from Clare Leighton's *Four Heiges*, newly released by Sumach Press (£14.95). Leighton's somewhat sentimental diary of a gardening year in the Chilterns is illustrated with her bold wood-engravings.

Headache for hoteliers

Nicholas Lander's mucky tale

WHERE I grew up the saying went: "Where there's muck, there's brass." Now, for those with hotels and restaurants in the country, the converse is true – where there's brass, there's muck.

Today, many countryside establishments are facing the prospect of capital spending because of new laws and, in particular, because of the way the powers of the National Rivers Authority – which strives to keep rivers clean and to preserve the countryside – are being used.

Recently, one of the UK's leading sous-chefs, keen to open his own restaurant in the country, went to seek the advice of Franco Taruschio, proprietor for the past 20 years of the Walnut Tree Inn (tel: 0873-2797) in the Welsh countryside, near Aberystwyth. Taruschio told him to forget the scenery, the size of the car park and the proximity of suppliers and concentrate on one question – was the property on mains drainage?

Country houses and many turned into hotels or restaurants – accommodate far more people now than they used to; ideally each room has a private bathroom, each hotel has a busy laundry as well as a big kitchen. So where does all the waste that is produced go?

Many proprietors, keen to preserve the countryside, are doing what they can but the cost of doing the right thing has risen sharply.

Ten years ago it cost Allan Holland, proprietor of Mallory Court near Leamington Spa in

Warwickshire (tel: 0226-30214), £15,000 to switch from a septic tank to mains drainage. Today, he estimates the cost would be nearer £40,000 and that negotiations with local farmers, across whose land he needs deeds of easement for the pipe-work, would be far more difficult and expensive.

Paul Henderson, proprietor of Giddeigh Park, Devon (06473-2367), faces the same problems but even higher costs. He knows that one of his hotel's great charms is the North Teign River which flows 50 yards from the front door. For a 14-mile stretch there is salmon, trout and sea trout fishing which lures guests from all over the world.

To cope with the demands of a busy hotel, and protect the surrounding natural beauty, Henderson spent £15,000 last year on upgrading his old septic tank system (having already spent £15,000 on a water chlorinating plant). Now, after initial discussions with the rivers authority, Henderson may be required to install a complete sewage treatment plant at a cost of between £40,000 and £50,000.

Henderson wonders whether he can afford it. As a former management consultant he has already calculated the cost: last year the hotel served 9,988 meals and paying the interest costs alone on the new plant would mean another 50p on each meal served.

Having bought a country house hotel to serve good food and wine he now finds himself preoccupied not with recommending the best Burgundy, but with sewerage.

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Sherry/Edmund Penning-Rowsell

Sherry's fall from grace



him to buy sherry houses at increasingly giveaway prices.

By 1980 he controlled 17 firms, including Williams and Humbert, and family-owned firms such as Garvey and Terry, whose members did not gain a penny from the forced disposal of their debt-ridden bodegas. He nearly acquired Domecq, biggest of all, and owned 35 per cent of total sherry production. Then, in February 1983, the Spanish government sequestered the whole Rumsa empire, which also included the big Rioja house of Paterna and other interests.

Although Mateos was subsequently in prison several times, the speed of state intervention enabled him to claim that it had not gone through the due process of the law, and he is now in the European Parliament as a member of the right-wing European Democratic Alliance. Yet the whole legal case may still not be over. The unravelling of all this

took time, for the 17 firms had to be sold and the Williams & Humbert case was not settled until 1987. Meanwhile Harveys of Bristol bought Terry and two other small bodegas, and Garveys was acquired first by Barbado de Santucar, which this year has resold a majority holding to Bols and Abold of Holland.

Then in the UK there was an unsold, inferior-sherry lake of 10m litres, which took time to bring down to 7m litres and was then de-classified. Millions of litres in Spain were distilled and plans were made to cut the vineyards' exports. This took place by 1986 but in an industry relying on 90 per cent export of production proved insufficient.

Exports to the vital UK market that in 1979 had totalled 134,000 butts fell each year and by 1990 were down to 55,000 butts, with more than half being sweet sherries. But this was partly accounted for by de-stocking prior to the transfer to Spain of the bottling by the three biggest importers: Harveys, Croft and Gonzalez Byass, which previously had re-exported in bottles.

However, last year the Consejo Regulador in Jerez saw the writing on the wall, and appointed accountants Price Waterhouse to investigate the industry.

The result was a plan to cut the vineyards from about 18,000 ha to 13,700 ha and in May bodegas, cooperatives and growers signed agreements to pull up or deregulate 4,300 ha.

The compensation is generous: from the Andalusian government, bodegas and the regulatory Consejo body.

A complicated strike in Jerez is now in its sixth week, and more than half the vintage has been lost. With bottling confined to bodegas, stocks in the UK are reduced and Christmas supplies will be threatened unless the dispute is settled shortly. (See story in Section 1)

Not many of the big bodegas are giving up much of their vineyards. For example, Harveys, which owns 1,000 ha, is releasing none, but a large majority of its contracted 15 suppliers are giving up two-thirds of their holdings. But Garveys is pulling up 250 ha of its 500, and will instead buy in the trade.

This will still leave the problem of stocks in 1m butts (four to five years' sales) and overproduction, although this is planned to come down by 10 to

15 per cent in each of the next four years. Estimated annual sales of 200,000 to 210,000 butts will only be 80 per cent replaced, the balance coming from stocks, with the intention of reducing them to 3½ years' sales.

But this will not be the end of the shimming exercise. The Consejo Regulador fixes the proportion of stocks that the bodegas may release each year – a system suggested for Champagne. These "shipping rights" used to be 30 to 40 per cent, but are now 22 per cent, and will be maintained at that level to discourage price-cutting sherry. It will probably lead to a sharp decrease in unprofitable and often inferior buyers' own-label wines.

A large proportion of the 5,000 producers are little more than "hobby growers". Some are expected to give up their small holdings. Too many are engaged in an industry that has too many men and bodegas. One leading firm told me it needed only 60 people in place of the 140 it employed. Generous redundancy payments of four-year salaries, as under Spanish law, are being offered and accepted. The result will be better quality sherry at good-value prices.

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HOW TO SPEND IT

Lucia van der Post meets a sculptor from South Africa, tastes some top-class Italian food and looks at some of the latest home design ideas

Stella casts her life in bronze and marble

STELLA SHAWZIN is small, blonde and several times a grandmother. She also leads a double life. See her in her natural habitat, dispensing warmth and hospitality to friends and family, and she looks every inch the grand matriarch. The widow of Leonard Shawzin, one of South Africa's legendary businessmen who built up the Truworths store chain, she could, if it amused her, spend her life flitting between the beautiful houses she owns in some of the world's most desirable spots.

Instead, most weekday mornings find her up and about at 7.30 wielding a tungsten carbide drill, smelting solid bronze, or working on chunks of marble. For in her other life - what she insists is really her main life - she is a sculptor and these are the tools of her trade.

Until November 15 her latest pieces, the result of several years intensive work, can be seen at the Crane Kalman Gallery, 178 Brompton Road, London SW3 1HQ. Almost all the pieces have been hewn out of marble or precious stones and focus on the female form - standing, turning, reclining - or on family groups of husband and wives, mothers and babies.

"It's the condition of man that interests me, with all his weaknesses and all his strengths, what the erosion of time does to him. And marble, of course, lends itself to the female form, to its curves and sensuousness, as well as having a luminosity that illuminates the rounded, gentle family groups. It's also the slowest, slowest work, to bring out the real beauty of the stone and its colour. But it is rewarding - it is much more challenging and far more tactile than any other



Family group of two in blue granite, 41 cms high

medium. "It's also heavy work - it's given me two hernias - so these days my studio is jam-packed with tools that will do everything. I started as a painter but sculpture is now my great love. Ever since I

and it was a painting of one of the characters around Cape Town, what we call a 'skollie' (a ragamuffin), that got me my first exhibition at the Grabowski Gallery and from there I got an exhibition in New York.

"But after a while I began to get depressed and felt that I was getting nowhere, not expanding my alphabet, so I started etching, engraving, lithography. Then I learned printing and got my own printing press.

"Then my husband, gave me a wedding torch so I started welding. Sculpture really grew out of my smelting the metal - after doing an etching you have to destroy the metal but I hated that, I wanted to do something with the metal, to do something in the round. So I taught myself sculpture.

"I began to get the tools together, to learn to use chisels instead of a paintbrush. I found it wonderful to go round to the other side, to work over the surface of the material, rather like a fly. I also had to learn about the limitations of marble and here the craftsmen in the workshops at Carrara - the same workshop where Michelangelo and countless other sculptors have taught me a lot. This summer I worked in the workshops for weeks on end preparing for this exhibition.

It is easy to say why the rich and varied colours of the marble and semi-precious stones inspired her. In the gallery are the results - simple shapes, fashioned out of marble, blue sodalite, green verdite, picture jaspers and jade.

The gallery is open from Monday to Friday, 10am to 6pm and on Saturdays from 10am to 4pm.



Stella Shawzin working on one of her sculptures in the marble workshops at Carrara

Carluccio's takeaway

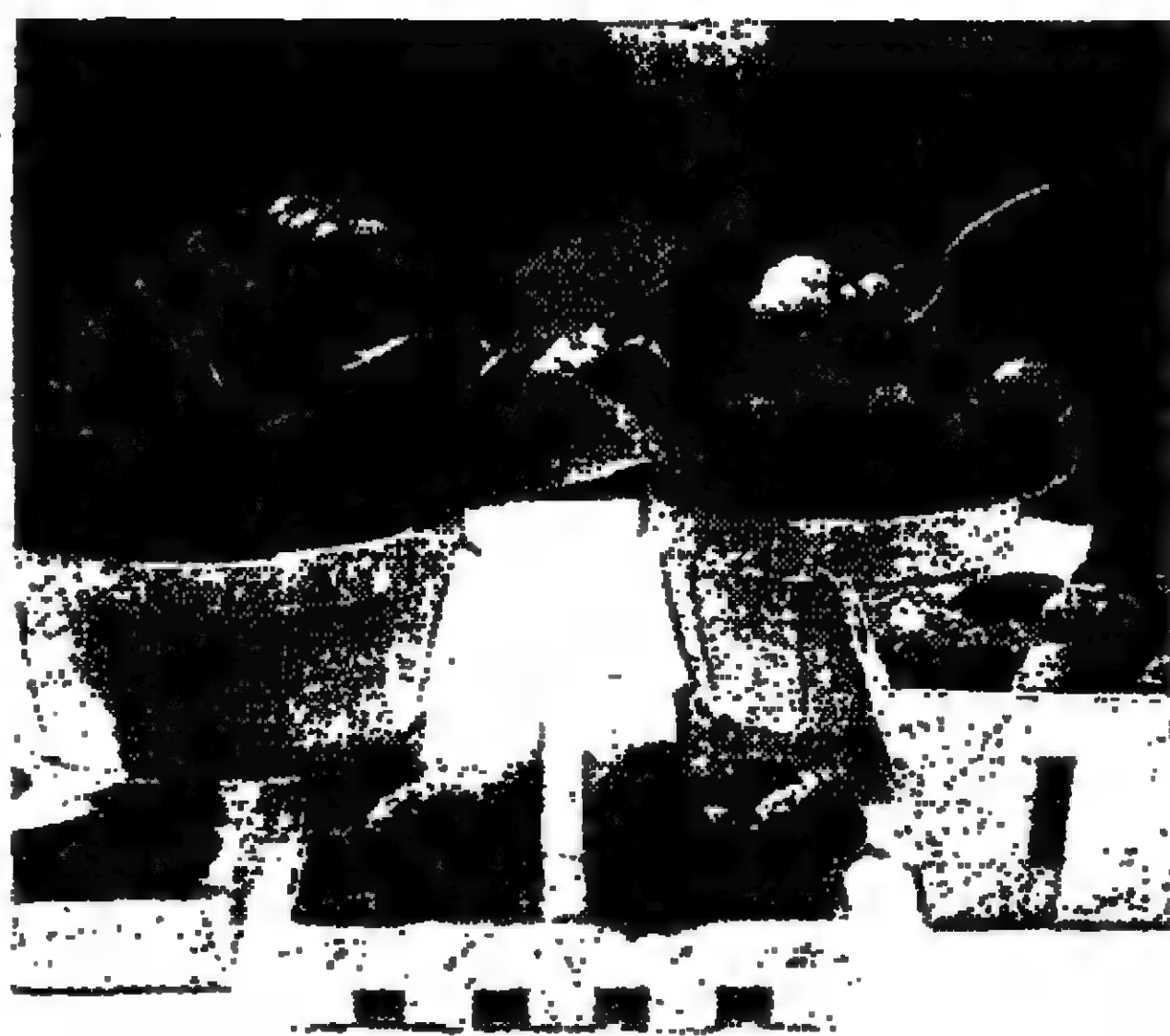
LONDONERS who love authentic, gutsy, Italian food are in for a treat. Today, Antonio Carluccio - better known as "the mushroom man" in the New Forest where he hand-picks the fungi for his Neal Street restaurant in central London - and his wife, Priscilla, open the kind of takeaway that might make even French *traiteurs* look to their laurels.

"What we aim to do," says Antonio, who owns a car with CUEP on the number plate, "is to give people the chance to have the real taste of Italy. We drove hundreds of miles around Italy to find the small specialist producers that would give us the kind of products we were looking for."

Anyone who can make it to Carluccio's (next door to Antonio's Neal Street Restaurant, in Neal Street, Covent Garden, WC2) is going to be able to pick up a completely authentic Italian meal - from starters to main courses, from fresh pasta and antipasti, from soups and vegetable dishes to puddings and tarts and cheeses - and have it all on the table within minutes of getting home.

Every day there will be a choice of up to 30 different cooked dishes, all from Carluccio's own repertoire and prepared in the kitchens below. Pasta will be made and packaged on the premises and sold with a range of their own sauces. Many of the products they have tracked down have never been exported to Britain and they have also developed their own versions of some of the classics of the cuisine - pesto sauce, Bolognese sauce, mostarda de Cremona et al.

For starters there will be home-made soups and a selection of antipasti as well as marvellous cold hams and other cold meats. Fresh fruit and vegetables in season will



All the products pictured here will be on sale exclusively at Carluccio's new top-class takeaway in Neal Street, Covent Garden

be sold in little punnets and hard-to-track-down ingredients such as nettles, rocket, herbs and proper buffalo mozzarella will be there.

Fungi fanciers will be able to feast on a wide selection of mushrooms - fresh and varied in season, dried or preserved out of season. Tins full of dried morels from Tibet are already in stock.

Several different sorts of oils and vinegars - including the less well-known, Vialone Nano which, according to Antonio, is "the perfect risotto rice" - will be available. Carluccio will also sell baby grilled aubergines, roasted peppers, sundried tomatoes and bocconcini (small portions of mozzarella).

Carluccio's opens today at 28a Neal Street, London WC2H 9PS and will open from 12 to 7 pm on Monday and from 10am to 7pm from Tuesday-Saturday.



A jolt for jaded ideas

KEEPING up with current trends in clothing is relatively easy - a quick stroll through a top fashion store and a flick through *Vogue* or *Elle* and most of us will come away with a pretty good idea of what the fashionable person about town is wearing.

When it comes to new ideas in interior design, keeping up is much, much harder. Robin Guild and Fleur Rossdale are the entrepreneurs behind the Contemporary Design Show which is on until Sunday, October 27, where those who are longing for new ideas on the home interior front - or who just want to see what our very best

contemporary designers are up to - can feast their eyes.

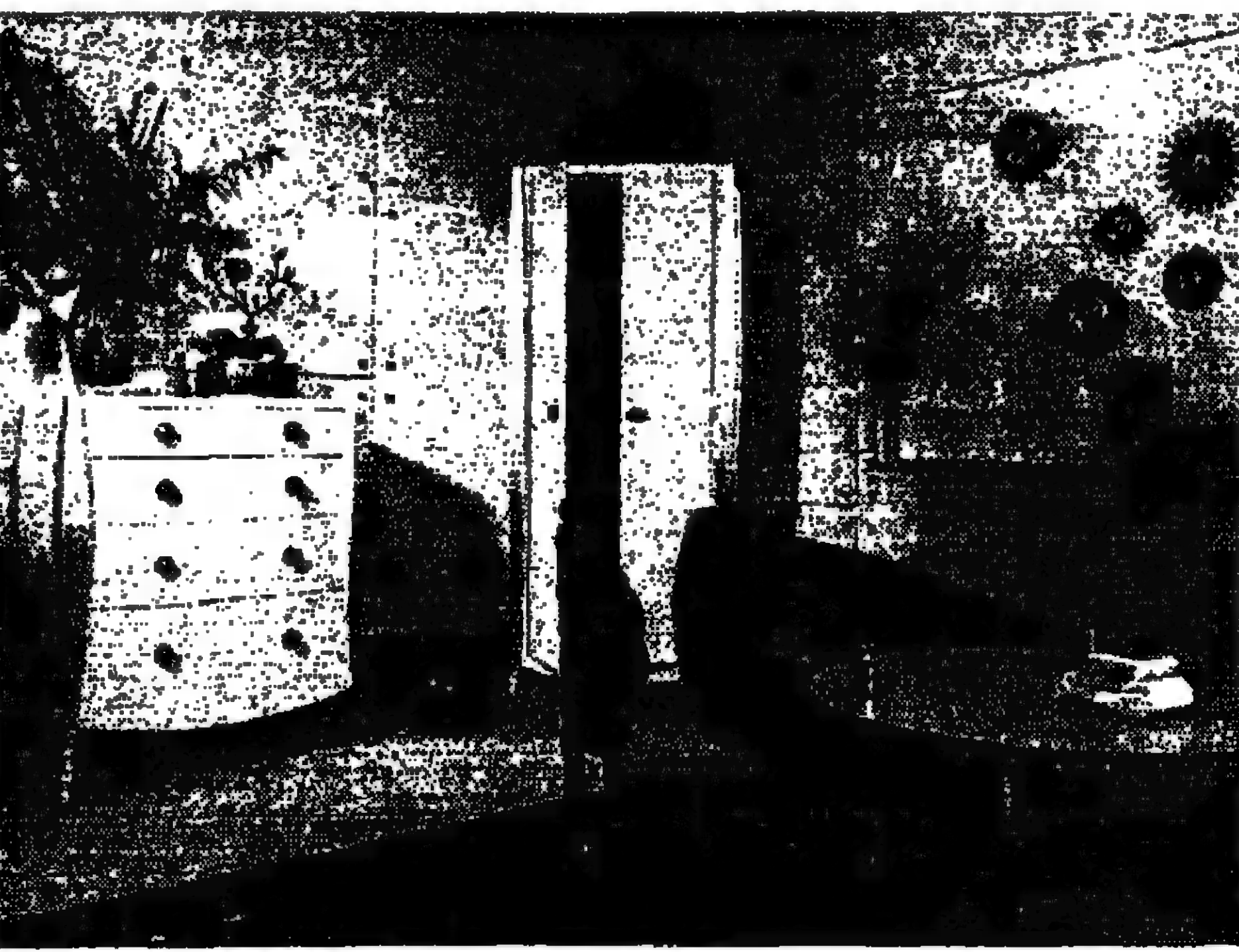
Settings and furniture have been created for the exhibition. There is a wide range of genuine alternatives to the chintzes and swags which have become the cliché of the interior design business.

Strong colour seem to be one of the main themes - Tom Dixon of Space uses strong lime-green, Charles Rutherford chooses brilliant apple green while Helen Cooper of Francesca di Biasi stuns the eye with a room based on bright, polished, red lacquer with green counterpoints.

Whether you are thinking of a complete renovation or just a few ideas to perk up jaded

interiors, a visit to the exhibition is well worthwhile. Take a look at Jennie Armit's way with Celia Birrell's fabric. See the way Philip Michael Wolfson has evolved a calm and tranquil environment out of a traditionally-shaped room and look for the magic André Dubreuil conjures out of a tiny space.

The show is on at The Design & Decoration Building, 107a Piccadilly Road, London SW1W 8PH, every day from now until the October 27. Open from 10am to 6pm from Monday to Friday and until 7pm on Wednesday, Saturdays and Sundays 11am to 5pm. Admission is £5.



Jennie Armit's room-set at the contemporary design show

In Brief

TWO MAIL order catalogues have been launched which will interest all those who like to choose some of life's essentials from the calm and quiet of their own home.

First, there is Lands' End - the company explains the misplaced apostrophe thus: "It was a typo in our first printed piece, and we couldn't afford to reprint and correct it." This beguiling US company specialises in enduring, classic clothes and accessories for all and has just moved into the UK market. In America its fame is such that last year it had \$60m of sales.

Here are all the basics of the American wardrobe, simple things that are often so hard to find - impeccably plain white cotton Hyde Park Oxford shirts, combed cotton shirts, cotton sweaters, snug Squall jackets for the outdoor set, rugged sweaters and - a Lands' End classic - a cotton canvas attached case in six colours. For the moment the selec-

tion focuses on the basics. The products may be simple and practical but they are not cheap - quality is never skimmed. Oxford shirts range from £29.50 to £33.50 but they are made of 100 per cent cotton, two ply Oxford cloth with extra-long tails, a seven-button front and single-needle stitching throughout. The attached case is £39.50 and the woolen Drifter sweaters £32.

The company has an appealing whiff of old frontier America about it - a quirkiness combined with simplicity and honesty. It also has a watertight guarantee: "We accept any return, for any reason, at any time. No arguments." says founder Gary Comer. Distribution is from Camberley, Surrey, so most customers should have the goods they order 10 days later. For a catalogue ring 0800-220-106.

What Lands' End does for clothes, the Good Food Kitchen Store catalogue attempts to do for kitchenware - that is, offer a range of essential equipment at affordable prices. But though some of its offerings (like the splendid Duallit toaster) could be said to be enduring classics, others veer more towards the ephemeral and the modish. In other words there is a good mix of "must-haves" and optional frills. There are good steamers and sturdy colanders, serviceable knives and long-lasting saucepans, mysteriously interlaced with blossom holders and infinitely forgettable pine cone candle holders. But for anybody who lives far from a good kitchen shop the catalogue offers a quick and easy way of buying most of life's culinary essentials.

For a catalogue write to The Kitchen Store, Harrington Dock, Liverpool L70 1AX.

L v d P

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The General Secretary
Friends of the Elderly
(Dept. FT), 42 Ebury Street,
LONDON SW1W 0LZ.
Registered charity number: 226004

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OF THE ELDERLY
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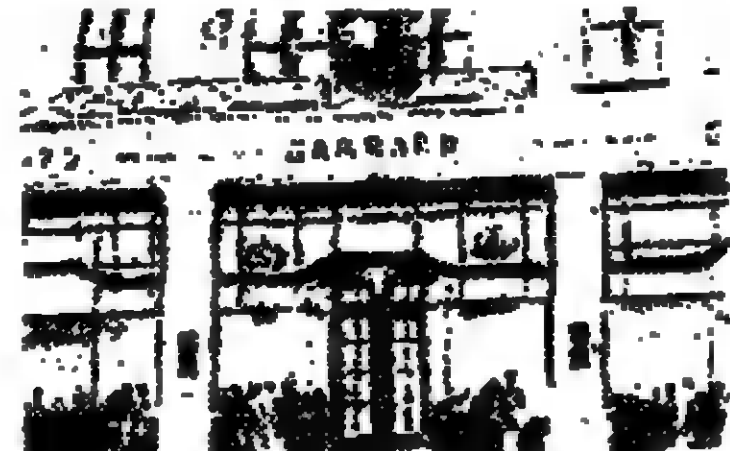


ALFRED DUNHILL

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X WEEKEND FT

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FT BROCHURE GUIDE

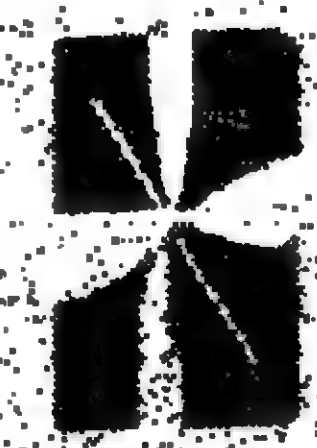
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a new perspective on the plant kingdom

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PLANTS IN FOCUS

Photography course with Heather Angel
Dates to be confirmed
KEW SCHOOL OF BOTANICAL ILLUSTRATION
Stage one
February 10-21
For further information and details of other courses for 1992 please contact:

The Adult Education Section,
Information and Exhibitions Department,
Royal Botanic Gardens,
Kew, Richmond, Surrey, TW9 3AB
Telephone: 081-400 1171 ext: 461323

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Next Directory makes shopping simple with telephone ordering on 0345 100 500 and 48 hour delivery.

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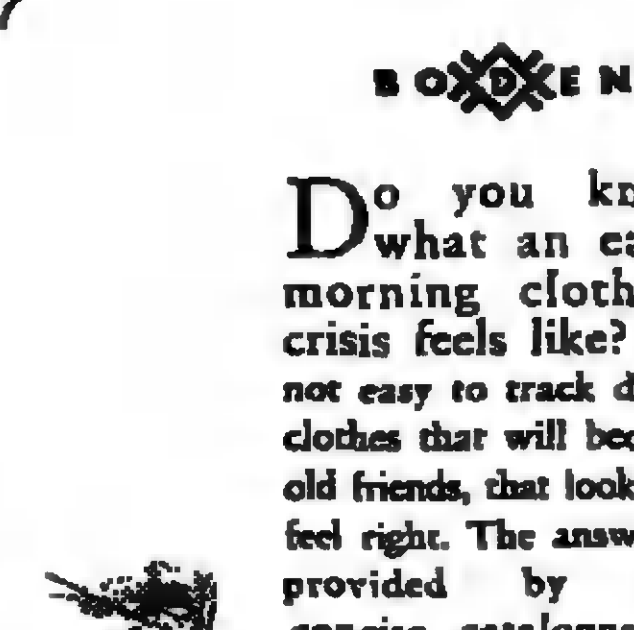
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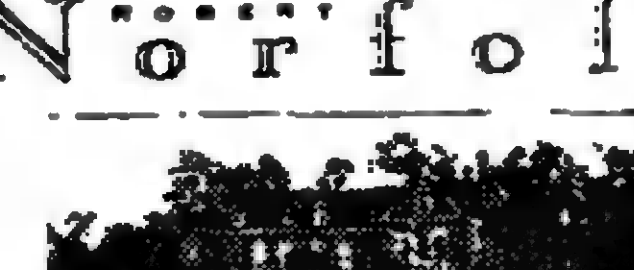
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Do you know what an early morning clothing crisis feels like? It is not easy to track down clothes that will become old friends, that look and feel right. The answer is provided by this concise catalogue of indispensable: the best in material, design and manufacture.

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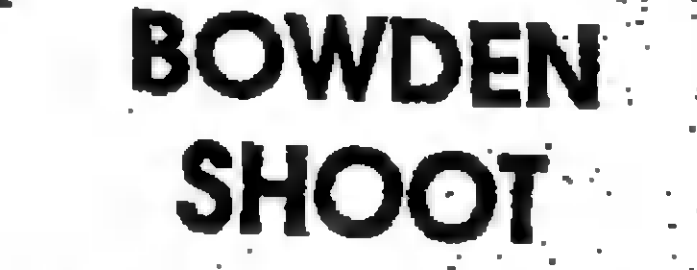
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19/OCTOBER 20 1991

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For a free copy of the catalogue please write to:

RA

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or phone: 0252 861113

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For a free copy of the catalogue please write to:

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Essential Christmas Luxuries

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071 799 2002

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PROPERTY

A polo field in the green belt

The ponies are leaving Dell Park. John Brennan on a sports estate for sale

OFFICERS of the 10th Hussars first brought a spirited version of the Persian polo to Britain. Polo, which commonly was played at that time by an unlimited number of riders chasing a ball with hockey sticks, had long been a favourite of both the army and English planters in Kashmir and Bengal.

The Hussars acquired a taste for the game in the late 1860s, when they formed part of the forces sent out from Britain to put down the Indian Mutiny. Another Hussar, John Watson of the 13th, eventually worked out a set of rules aimed at reducing the odds of a lively game putting an entire officers' mess out of action. Watson devised a simple set of field rules to moderate the wild melees which characterised the English version of the game.

By the time formal polo clubs were formed (the first, in Monmouthshire in 1872, was followed swiftly by London's Little Bridge and Hurlingham clubs) Watson's reforms had begun the conversion of the game into a form that would be recognisable today. The familiar four-a-side teams, and the game breaks and intervals for players to change ponies, all formed part of what, until quite recently, remained a primarily inter-regimental game.

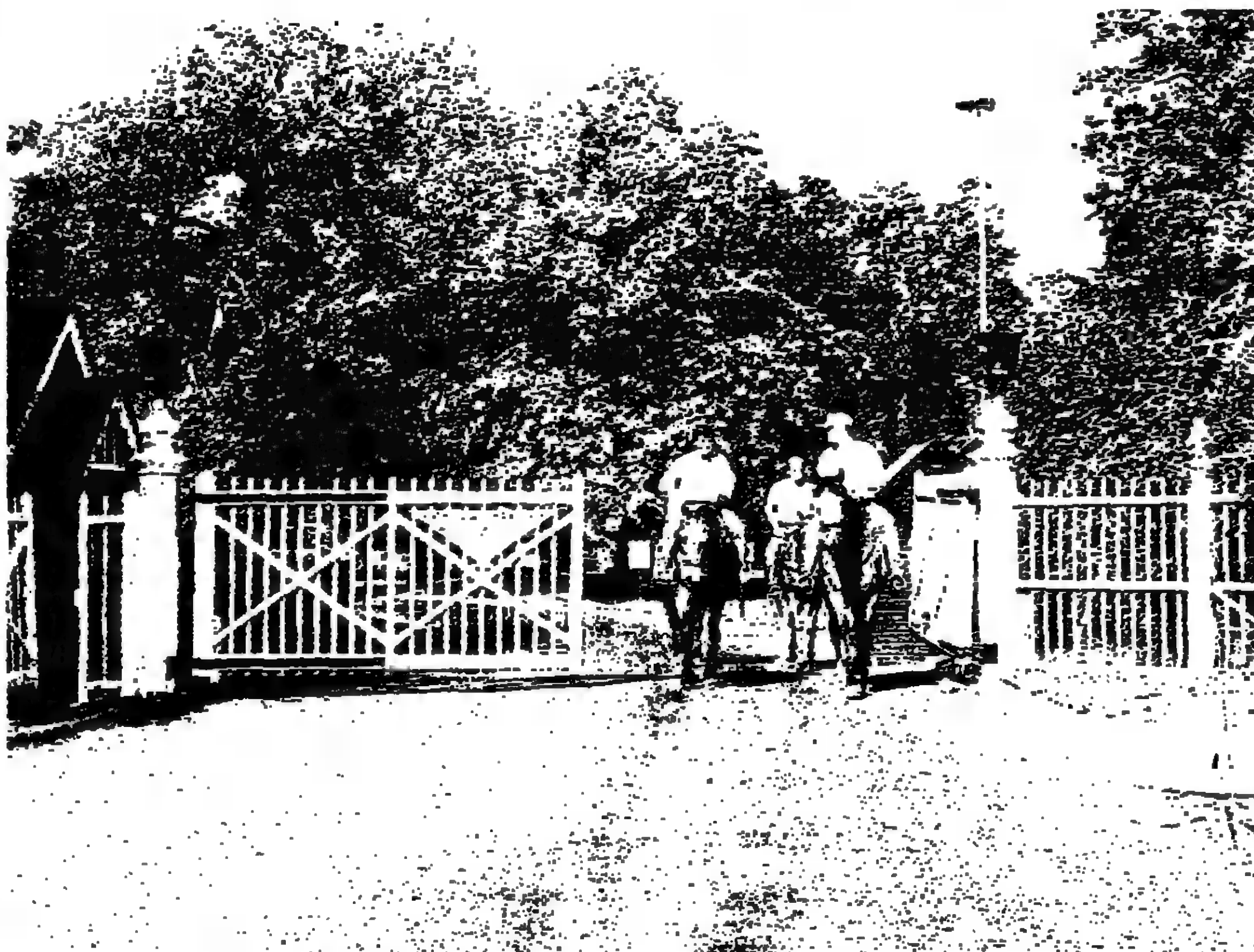
Polo remains exclusive. A disproportionate number of players and spectators can lay claim to a good regiment or a good credit rating. But the game has acquired a substantial additional following in

recent years, albeit at a distance. That is partly because of the press and television coverage drawn by Prince Charles' polo playing. It is also partly because of the new generation of "macho-millionaires" whose involvement further promotes media coverage of the game.

The new social status of this old Persian cavalry game owes much to these super-rich businessmen who like the world to know that they still play as hard as they work. Their fathers and grandfathers would have been horrified to appear in public in anything other than the full formal dress of the money-owning classes. Now, the days of the three-piece suit, where a watch-chain-decked waistcoat acted as a form of social "flack jacket", have given way to the sportsman look.

As leisure has become big business, an increasing number of corporation chiefs want the cameras to see them in winning form. "Pro-Am" competitions allow image-conscious chief executives both to sponsor and carry off golf and tennis trophies, and racing yachts have long enabled commercial magnates to pace the deck in a purposeful way while the crew tackle the competition.

However, of all the alternatives, polo wins hands down as a particularly good rich players' sport. The two great plus-points for polo are that it offers the exclusivity of a game that only the rich can afford to take up in a serious way. At the same time, it enables players to remain actively involved deep in



Horses for courses: Dell Park could be suitable for a number of uses

their middle ages. They are able to delegate much of the leg work to their ponies.

Galen Weston is one of the more active of these wealthy polo enthusiasts. Prince Charles regularly joins the Canadian foods and supermarket billionaire at his polo grounds on both sides of the Atlantic. And the Canadian's Maple Leaf Polo Team has ranked as one of the top teams since the 1970s.

The Dell Park Estate, next to Windsor Great Park, has been the home base of the Maple Leaf team for the past 15 years. Now, as the team moves across country to Weston's own estate, Dell Park's 140

acres of parkland and paddocks, just 22 miles from the centre of London and ten miles from Heathrow Airport, is for sale - at around £4.25m for the whole, or in up to 30 separate lots.

George Pope of John D Wood (071-493-4106), who is handling the sale, explains why there is scope to buy as a whole or in bits: "Concentrating on finding someone else who wants to keep the Park to house another polo team would hardly be marketing the property. There are, of course, many people in the polo world who know the place well, but this has to be one of the most interesting properties to come on to the

market this year and it could appeal to an enormous range of buyers."

Four stable yards with 46 stables, three lodges, two cottages, a further two bungalows, various park buildings, a stick and ball practice ground: the current form of the estate reflects its use as home for the Maple Leaf team. But the property's real value is in its location. It lies hidden between Englefield Green and Windsor Great Park in green belt country where planning might stretch to a golf course, a formal polo field, or an array of different uses if the 30-section lotting of the estate is applied.

Hitting the beach in the recession

WHAT DOES the small scale British developer do as the recession grinds on?

Andrew Parker is an accountant turned developer who used to build on the south coast of England. He chose to switch to another country. In the early 1980s, as an international athlete, he had met Harry King, who had a similar sporting background. King was an interior designer.

More recently the two were discussing the sad state of the property market and King suggested that there could be opportunities for development in the Caribbean island of Antigua. King has dual British and Antiguan nationality.

The two men went to investigate. The result is Dickinson Bay Cottages, a project nearing completion in Antigua and being offered for sale in Britain.

The site they chose is on sloping ground amid palms and bushes overlooking the bay. It is about 150 yards from a mile-long white sandy beach and close to one of the island's large hotels.

There are 13 properties in twos and threes, stepped down the hillside and set back from each other. Brown-stained doors contrast with white walls, balconies and terraces have black wrought ironwork. Designs are flexible, with one to three bedrooms. The larger properties could be let as separate flats to maximise rental income.

Even so, they have been planned to be suitable for long-term or permanent use. While each has mains water and electricity it also has a 10,000 gallon underground fresh water cistern and the development has a communal emergency generator for back-up in case of need.

Solar panels provide water heating and there is air-conditioning. The properties also have direct dial telephones and cable television.

They are sold furnished and equipped, one of the aspects that King has supervised. He specialises in hotel decor, his last work was on the Rhodes Hilton.

The properties cost from about £94,000 to £155,000. There is an annual maintenance charge of just under £1,000, which includes upkeep of the communal swimming pool and gardens and rubbish disposal.

The cottages are being offered by London solicitors Osbornes (071-485-8111). Simon Maister of Osbornes advises that the best way to buy in Antigua is through the formation of a company for each property. This costs a further £3,000 but would have other advantages. It would save the 12.5 per cent government tax; rental income would be tax free and when the property was sold there would be no capital gains tax.

A disadvantage is the difficulty of raising finance locally. So a buyer would need to have funds available or to find them elsewhere. Osbornes can assist with this.

Maister says income from letting can be high in Antigua and an owner could expect at least 10 per cent net.

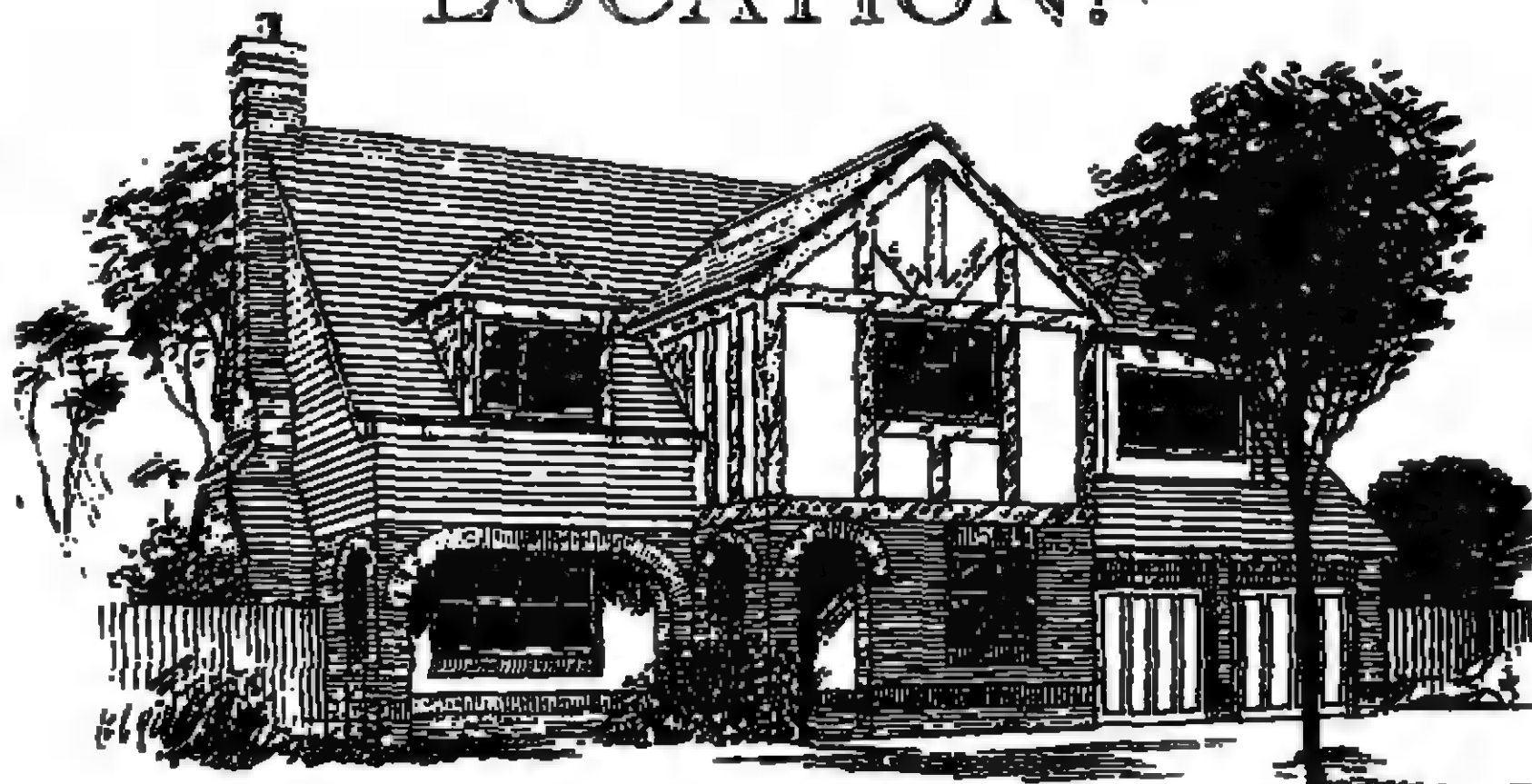
Potential buyers of the cottages are being given the opportunity of spending a week in them between November and January at a discounted rent. If they buy that sum will be refunded.

The show cottage has been sold to an airline pilot, who plans to spend six months of each year in it and to let it for the rest of the time.

Audrey Powell

COUNTRY PROPERTY

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GARDENING/PERSPECTIVES

Annie Wilson gets bitten by the Green bug while Robin Lane Fox praises the virtues of the versatile penstemon

A philosophy that is wild at heart

THE enthusiasm is infectious but the message is clear: if you want to garden organically you cannot guarantee perfect results. You have to be patient, be willing to experiment and accept the odd casualty and above all, be prepared to nourish your soil the old-fashioned way — a lot of spadework and a lot of muck.

But it is nevertheless a seductive philosophy: recreate the checks and balances evident in the wild, encourage natural predators to control pests rather than killing both with sprays and take heart: a healthy soil means healthy plants and, as all organic gardeners will tell you: "Healthy plants fight back".

The message was drummed home with fervour by three organic gardeners I met on a visit to central Scotland.

By her own admission, Sheila Kennedy of Station Road, Buchlyvie, is "not a tidy gardener", but whether this is by inclination or because she has so many demands on her time (mother of five, yoga teacher and keeper of an allotment in addition to her garden), she is not saying.

"Half of the way I garden is total enthusiasm but there is no magic, it is hit or miss however you do it," she believes in the "no dig" method: first dig your bed thoroughly, mulch with compost and a little mown grass ("not too much because I don't use weedkiller on my lawn and moss from the cuttings can take root in the bed") and dig no more thereafter. It is a practice being tested in the beds at Bryon Gardens National Centre for Organic Gardening (home of Channel 4's *All Back and Magic* series), run by the Henry Doubleday Research Association.

The manure provided by her pet goats is boosted by her own

fertiliser made from letting comfrey leaves rot down in an old (dry) rain butt and collecting the resultant liquid as it drips out underneath: it is a powerful feed which must be diluted to the colour of pale tea (and, unlike so many organic liquids, it does not smell).

Sheila deals with pests by encouraging natural predators to live in the wild corners of her garden: toads and hedgehogs devour snails and slugs, her ducks polish off their eggs, her four cats deter the thrushes (snail eaters) but keep the rabbits at bay. Slugs present a problem for her but she says a good mulch will



deter them, especially when covered with a scattering of egg shells. "I stopped using slug pellets years ago and went on to fertilise (an organic chemical), but then discovered it has quite a high aluminium content and that was an end to any attempt at an organic chemical solution."

Over the last 20 years Caroline Cuthbert has converted every garden she has ever gardened on her estate at Old Ballikrain, Fintona, to the organic way, relying for expert advice on the Soil Association and the Henry Doubleday Research Association. "People want instant results. It takes time and you have to persist,

but certainly very sceptical people who come up here have been converted. It is cheaper too — no more need for extras like nitrogen and fertilisers. But it takes time to build up. My only concession is to put Pathclear on the paths."

Her vegetable gardens are tidy rows of bunched beds between paved paths, intermingled with flower beds and scatterings of common or pot marigolds throughout. "We rotate crops through these lazy beds. First double dig with compost — we use the muck from our ponies — then double dig again and keep piling up. The point is that they are narrow enough to reach across so you never walk on the beds. The paving was expensive, but worth it."

The principle, it is worth noting for those who grow no vegetables, works just as well on the flower beds. In her greenhouse there are only three bottles on the shelf: pyrethrum and derris (non-residual poisons that do not affect birds or caterpillars) and Savona soap concentrate. But not one of these is in regular use. Indeed, Cuthbert points in despair to the only bed where caterpillars have run riot and the cabbages are displacing a lacy patterned leaves. "Oh, the hell — the cabbage whites came, saw, conquered and flew away but there, you see, the cabbage hearts are coming again. You have to live with blemishes on your vegetables."

The marigolds in evidence everywhere, as in Sheila Kennedy's garden, are the best available deterrent to bugs which, apparently, cannot stand the smell. The result: no green or blackfly in either garden. "Tagetes minuta is supposed to work best, but ordinary marigolds work just as well — and alliums under roses are superb."

The organic system works in

Plant of the Week
Sedum Autumn Joy

This is one of the finest stonecrops for the herbaceous border, closely allied to *Sedum spectabile* but with larger, almost flat heads of deeper coloured flowers, starting a warm rosy pink but becoming deeper with age and finishing a rich bronzy pink. The leaves are succulent and greyish green, the stems stout and 18 to 24 in high. This is a plant for sunny places in any reasonably fertile soil. It is completely hardy and easily increased by division, preferably in spring. Its original garden name was *Hertsfreude* and it was changed to *Autumn Joy* for the English speaking market. A.H.

more ways than one: Kevin Murphy was given the tenancy of East Lodge on the Old Ballikrain estate precisely because he is an organic gardener and Cuthbert had seen and admired his former garden, an intricate and flourishing example of the art.

His enthusiasm for the organic way is such that it is hard to maintain any scepticism in the face of it. His energy is indefatigable. Just six weeks after moving into his new home he had demolished a dead tree, cleared the site, put up his polytunnel and moved young plants inside: yellow courgettes were sprouting and the runner beans had hit the roof.

He had built his double wooden compost bin and put an old rain butt in place to fill with nettles (or comfrey or seaweed) to make his own liquid fertiliser — "my garden tea bag, rich in potash." Now he had turned his attention to the embryo vegetable garden, planned as a huge circular bed laid out with wood and stones.

He had started with old carpets, specifically those made with natural fibres and

no rubber backing, laid on top of the turf to lay waste weeds and grass. Having left the carpets in place for a few weeks, he then lifted them to double dig and work in a barrow load of rotted cow dung per square yard, topped up with compost and then laid the carpet back for the winter to let the worms do their work and to control weeds.

The method, Murphy says, is better than using black plastic which tears and shreds and is not biodegradable. The carpet, he points out, eventually rots to the point where it too can go in the compost bin.

He is fortunate that next door to his garden is a cow byre, uninhabited for 10 years, whose owner has no objection to him digging out the well-rotted contents which will feed his garden for years. Cuthbert has her ponies. Kennedy has her goats. My small London garden has none of these inbuilt advantages, but my conversion could at least start with a compost bin. A.W.

Success story

THIS WEEKEND I will be hedging my bets on my greatest success of the season.

Since July, I have had penstemons all over the place: under walls, in paving, among old-fashioned roses and on the slopes of the historic mound of my Oxford college, where scores of the scarlet King George variety have lent a curious note to a planting which was supposed to be in whites and greens.

I have always supported this family, but in 1991 I have given them the limelight. New stars have emerged: the range is widening and for once I feel I am up there on the crest of a newly-found wave. It is a little worry. Popularly, the better varieties are not supposed to survive the winter.

I already know that this worry has been overcome. In some cases, it is irrelevant: early-flowering forms from the wild are at home in harsh areas of North America and are at least as tough as a hardy Auchsia. In other cases, hardiness improves if you follow one simple rule: never cut a penstemon down while you are cutting back the rest of the border. Leave their top growth alone until April, even if it looks brown and tatty.

meanwhile, it helps to protect the lower plant and prevents it from shooting too early from a narrow base.

I hope that my two best finds will be hardy with this treatment. Dark maroon flowers have a special magic, but the new penstemon *Raven* is extra-special. I have plans for blocks of it next year beside Apple Blossom, backing on to a grey stone wall in contrasting shades of maroon and pinkish white.

If this plan sounds too showy, try a wild species instead, the little-known *Taenais*, which ought to be put up for a RHS award. If you plant it in a catalogue, buy it at once. The stems are long, but they curve neatly and the leaves are a heavenly shade of grey-green. The flowers seem to open all summer, like long and narrow bells of a soft scarlet red. It has the charm of a wild plant and the advantage of a strong but civilised colour.

How, then, should you hedge your bets on this family? Hedging is remarkably easy.

The penstemons' long season of flower is a blessing. Many of them begin in July and continue until late October, especially if you dead-head them and feed them in high summer with Phostrogen. They rise above the occasional sign of mildew or rust, and I cannot imagine why most gardeners neglect them, except for one little worry. Popularly, the better varieties are not supposed to survive the winter.

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During the next fortnight we are sure to have a serious frost, but, meanwhile, penstemons are covered in potential cuttings, ripe for taking and rooting this weekend. Choose the side shoots which have not flowered; take them back to a main stem; strip off the lower leaves and set them round the side of a four- or five-inch pot filled with a sandy soil which you have watered thoroughly a few hours before use. If the leaves touch each other, cut them in half to avoid rotting, put the pots in a light, frost-proof shed, or gently-heated room for safety. They will root if they are left uncovered, but you may prefer to bag them.

Bagging is as easy as hedging. Use the type of polythene bag which is sold for food in freezers. It is more solid than the flimsy bags which come with clothes or spare parts and so it will not flop down on to the cuttings' leaves. Slip one over the top of the pot after planting so that it does not touch the leaves.

To fix it, follow a tip from one of the FT's art critics and use a length of masking tape to hold the bag to the side of the pot. For several weeks, you will not need to water the earth inside, although it will sweat mightily. Eventually, you can cut a hole in the top corner of the bag and use a small hand-spray to direct a fine rain on to the plants.

The bag method works very well for anything which is marginally hardy and needs protection this weekend. It ought to work particularly well for my one plant of *Penstemon taenais*, which is still a rarity on the English market. Next year, winter permitting, I hope to have a score of this lovely wild form, the sort of plant which you can use in any company and trust to add distinction to the border from high summer until these final weeks of the flowering year.

R.L.F.

Old truths and new needs in Albania

An unusual mission has just returned from Albania. It consisted of three former British Special Operations Executive officers, headed by Julian Amery, MP, with David Smiley and Alan Hare, who fought alongside guerrillas against the Italians and Germans in the Second World War. They were invited by Albania's main opposition Democratic Party.

ENVER HOXHA, the late dictator of Albania, maintained cemeteries and memorials in every town to support a myth

that Communist partisans alone defeated the Italians and Germans at the end of the war. Albanians no longer believe that the Communists drove out the enemy only after they had eliminated all other Albanian groups by fighting, execution or prison, and the truth of those events has become important in an emerging

national consciousness. This partly explained the great welcome given to our group. We had all fought together in Albania under the leadership of Col Billy McClean, who died in 1986 and is immortalised in Xan Fielding's book, *The Great Betrayal*, to destabilise the Hoxha regime by infiltrating Albanian refugee guerrillas from the West, an operation betrayed by Kim Philby.

Albania is, after all, a small, intensely nationalistic country

to give press interviews and appear on television to testify to the extent that other nationalist guerrillas fought the invaders, and that the Communist partisans were engaged in a civil war, partly with British arms.

Inexorably, as we tried to form our conclusions about present day Albania, we were drawn into recollections of 40 years and more ago. Sometimes it seemed that what happened then still mattered now.

Thus, Albanian leaders still talk — without rancour against Britain — of the attempt in 1949, described in Lord Bethell's book, *The Great Betrayal*, to destabilise the Hoxha regime by infiltrating Albanian refugee guerrillas from the West, an operation betrayed by Kim Philby.

Albania is, after all, a small, intensely nationalistic country

which feels continually threatened by larger neighbours. The battle against German and Italian invaders is the last event in its history for which most Albanians feel any pride. They no longer believe Hoxha's claim that nationalist guerrillas, and, amazingly, even their British supporters, were all Fascist or Nazi collaborators.

Alan Hare finds grim poverty in a former battleground

And, as Albania turns to the West for salvation, Britain is seen as the one European power which helped in time of trouble.

For me, this conjunction of

past and present was brought home forcibly by a familiar face among those greeting us at the airport, that of Masar Shehu, whom I met on my last assignment in Albania when I was head of a mission to Myles Peza, a legendary guerrilla leader, then allied with the Communist regime.

Shehu warned me that an expected arms drop was to be used by the Communists for an attack on the royalist guerrillas and the British mission with them, led by Billy McClean and including Julian Amery and David Smiley. I just had time to prevent that drop.

Shehu survived the Hoxha regime in obscurity and his son was there to act as our guide to an Albania once again looking to Britain for help. However, British aid is now less than that from other western powers, and the release of Albanian gold reserves in London still depends on a settlement of the Corfu channel incident (where British destroyers were sunk). A more generous attitude is likely to depend on whether the next election (between now and May 1993) is seen to be free and fair. Our impression was that recent elections have not been so.

However, Albania needs help and is trying to obtain it by joining the World Bank, the IMF and the OECD. Economic ministers, at least, pursue strong free enterprise policies.

The country's largest food and money donor is Italy, with \$160m (£93m) promised over the next seven years. The economic ministers believe this aid would enable them to survive the winter, but there is little evidence in the cities that western aid is getting through. The economic situation is getting grimmer. A senior professional with a family of four gets the equivalent of £2.20 a week, and an ordinary worker £14.50. Almost all food is rationed. There is practically nothing in the shops, and even the black markets in city squares have little to offer, and even if they do a pair of trousers can cost half a week's salary.

Legally, the agricultural co-operatives have been broken up, although state farms still exist in the plains. However, agricultural workers show little sign of selling to the cities. Under the Communist regime

they did not even have small holdings. Half the factories and mines are making a loss, and most are working part-time. The Chinese-built steel complex at Elbasan is losing the state £23.2m a year. Housing is appalling. The country is liberally covered with "pill box" bunkers, erected by Enver Hoxha at a cost which, it is reckoned, would have housed a third of the population.

The dominant political issue is the date of the next election. Whenever it comes, the campaign will be intensely popular, with demonstrations in the streets against the Sigurimi (state security police) and against the control of the media by the Socialist Party. The army is too badly equipped to be regarded even as an internal threat.

Externally, the greatest con-

cern focuses on the Yugoslavian regions of neighbouring Kosovo, which is 90 per cent Albanian in population, and Macedonia, with a 30 per cent Albanian minority. The big fear is a spontaneous outbreak of violence. The Democratic party wants a plebiscite in Kosovo to enable it to become a republic in a Yugoslav confederation, though events in Yugoslavia may make this moot.

Relations with Greece remain uneasy because of frontier smuggling, but no irredentist claims have emerged. The exodus of refugees to Italy, and to a lesser extent Greece, has been temporarily halted.

Albania is in ruins after 20 years of total isolation and 40 years behind the Iron Curtain, but it has considerable economic potential. It is surely worth an effort to help her become a viable trading partner and a stable democracy, both of which Albanian politicians wish her to become.

Alan Hare is a former chairman of the Financial Times.

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BOOKS

Mailer gets lost in his CIA circus

BEFORE you even reach the opening page of this titanic novel about the CIA, there is a bibliography of the over 100 books which Mailer used to research his story. While that sort of conspicuous rigour might be admirable in a historian, for a novelist such as Mailer, it suggests that the twin demons of insecurity and over-ambition might be haunting his work. With *Harlot's Ghost*, this suspicion is gradually confirmed. This is a deeply disappointing book, not because it is badly written, but rather because the potential thrill of a heavyweight author taking on a big subject is lost in a morass of detail and digression.

The novel opens in 1983, as Harry Hubbard, a cynical old hand at the CIA, hears that his

fine writing. Unfortunately, once Hubbard arrives at Moscow's Metropole hotel, Mailer abandons his headlong plot in favour of reproducing Hubbard's memoirs of his early career. Rather than bolstering the plot, these memoirs take it over, providing what amounts to a thousand page digression. When Hubbard joins the CIA in the mid-1950s, the agency was coming into its Machiavellian own. The young spy, guided by Harlot, soon finds himself in Berlin, where he becomes a dogbody for the legendary Wild Bill Harvey, the gun toting station chief responsible for exposing Kim Philby. (Many of the novel's characters, are drawn from real life.) After a spell of sexual and bureaucratic intrigue, Hubbard is shipped off to Uruguay, where he works under E. Howard Hunt, who was later to play a key role in the Watergate break-in. He is then seconded to duty in Miami, where he works on the Bay of Pigs fiasco. Afterwards, he lends his hand to the variety of bizarre plots to kill Castro, even sneaking into Cuba on the eve of the Missile Crisis. During this time he also develops a relationship with a character based closely on Judith Exner, who was the lover of Frank Sinatra, the mobster Sam Giancana and John Kennedy. The novel ends with assassination of JFK and the promise of another volume bringing us through Vietnam and Watergate.

While at times lively and even inspired, Hubbard's journal reneges on the promises of the book's early pages, turning a taut philosophical thriller into a lumbering chronicle. Mailer is so intent on having Hubbard be a witness to every thing years that he loses the thread of his story in favour of history. To complicate matters further, Mailer inserts copious correspondence between Hubbard and his future wife, in



which Kittredge, a young CIA psychologist, expounds her theory that the individual possesses two wholly formed personalities, one feminine in nature, the other masculine. Mailer seems here to be attempting to explain how a human being can function as a spy, but it never really comes off, managing only to congeal his narrative further.

Harlot's Ghost is too complete. Mailer simply tries to do too much, having all sorts of

characters like Bobby Kennedy and Lenny Bruce pop in, recounting CIA lore and procedure in copious detail, siring conspiracy theories and giving them interesting twists. While much of this makes for engrossing reading, more often the novel plods along with transcript-like dialogue and leaden detail. Facts are spewed wholesale, rather than parcelled out in a selective, resonant manner. Consequently, for all the research, Mailer's

CIA is a strangely diffuse organism, lacking essence and even identity. Perhaps this is intentional given the subject matter, yet one has only to think of what Carr did with his *Circles* to see how a novelist can turn worldly shadows into literary substance. As any good spy will tell you, just because you have all the facts doesn't mean you know the truth.

Stephen Amidon

A remarkable clan in the making

WILLIAM James, older brother of the novelist, taught at Harvard as a professor in the faculty of psychology and philosophy, for 35 years. He "finally succeeded in resigning", says R.W.B. Lewis. In 1907, James was then 68; three years later he would be dead. One week after he gave his last course at Harvard, he was at Columbia University delivering lectures on his favourite subject, *Pragmatism*.

James was one of the inventors of pragmatism. He did not mean by the term exactly what we mean when we use it frequently nowadays in a political or social context - to deal satisfactorily with the problem that lies ahead without worrying unduly about the longer term implications. That is a reduction of James's much grander view of pragmatism, which is that when we act pragmatically we are re-making reality.

The essential contrast [said James] is that for *rationalism* reality is ready-made and complete from all eternity, while for *pragmatism* it is still in the making, and awaits part of its completion for the future. [His italics.]

This gives a heroic initiative to the person doing "the making", especially in a situation where he or she is faced by conflicting alternatives. We may see such situations worked out in all their complexity by a great novelist such as William's brother Henry. Is not the Henry James hero or heroine a pragmatist *par excellence*? Lambert Strether in *The Ambassadors* re-makes reality as he goes along. And yet one of the harshest critics of his brother's later novels was William James.

During those 35 years when William was teaching at Harvard, brother Henry was pursuing a career of unparalleled industry and distinction in literature. It was not merely the amount he wrote, but the consistent level of genius in what he wrote.

There have been many books about William James and there have been innumerable books about Henry. But there has been only one, so far as I know, before the one under review, that has studied them as brothers in the light of their parents and siblings - *The James Family* (1991) by F.O. Matthiessen. Since then a great deal more material about this remarkable clan, founded in the late 18th century by an immigrant Irishman who made a vast fortune in up-state New York, has emerged.

By giving equal weight to



Henry and William James at the height of their fame in 1900

the biography of each member of the family and tracing their careers in equal depth, R.W.B. Lewis has inevitably written a very long book, but one which is brilliantly illuminating about a singular family in the context of the period before and after the civil war. Their father was a heroic figure who loomed large over their childhood. As a young man Henry senior was left, as he put it, "leisured for life", with a princely income inher-

THE JAMESSES: A FAMILY NARRATIVE by R.B. Lewis André Deutsch £20, 696 pages

ited from William the founder. This Henry's courage was severely tested when one of his legs had to be amputated, but his subsequent disability was not allowed to interfere with an exceptionally active way of life, taking his wife, four sons and one daughter all over Europe in a restless search for somewhere congenial to live. They finally returned to settle on the east coast of America but the search continued - Washington Place, New York, then Newport, Rhode Island, followed by Ashburton Place, Boston, and Quincy Street, Cambridge Mass. were the family's main bases, with dozens more temporary ones.

It was when they were here in England in a quiet country house near Windsor that the father suffered a sense of evil disintegrating his entire personality. It took him some years to recover. Each of his children suffered from mysterious illnesses and breakdowns, the price they paid for the intensity of their lives. In Henry's case it was "an

obscure hurt" of which the legacy was a bad back. William likewise was plagued by back pains. Their sister Alice had much more severe symptoms, part of a long-term mental illness caused by the lack of any real outlet for her high intelligence. Henry gave her great support until her early death.

Wilky and Garth, the other brothers, had little of the literary or philosophical gift, and their lives reveal a completely different set of choices open to American men of their class in the mid-19th century. Both fought on the Union side in the Civil War. Wilky was an officer in the 54th Massachusetts, the first American regiment ever to enrol black soldiers. He nearly lost his life at the bloody battle of Fort Wagner won by the Confederate forces.

Both had difficulty adjusting after the victory, especially Garth. He worked for a while as a clerk on the new railroad at Wisconsin. After various commercial ventures which all failed, both ended their lives sadly in fugues of alcohol.

Lewis proceeds slowly. He has a quiet faith in the intrinsic fascination of his venture. It began life as a joint project with one of his graduate students for a 12-part TV series never made. But it is so much better like this. All sorts of people crop up who would have been hard to include on screen. When Wilky was convalescing at home, the daughter of Henry senior's friend Bronson Alcott sent Wilky a crocheted coverlet with a poem "to GWJ... after being wounded at Wagner". It was her earliest literary effort. She was Louisa May, future author of *Little Women*.

Anthony Curtis

Chains of accidents

THOMAS Pakenham describes in this admirable book the extensive chain of accidents which finally brought Africa into the modern world. In a far-flung function of the industrial revolution, technology had given Europeans the ability to put their mark everywhere on the globe. To Europeans at the time it appeared that Africa, like Asia or Australia, was simply there for the taking.

What a story it is too, full of the strangest twists and turns, with idealism and courage and greed all brewed together. Pakenham sometimes lapses into *Time-Life* speak, but he maintains a strong and central narrative drive which holds the reader. He has absorbed a huge amount of complex material. Here in compelling detail is the background without which the rise and fall of European empires cannot be understood.

Evidence of his cleverness? Or evidence that he was not the mastermind of crime-writers fiction? Lansky spent most of the latter part of his life trying to settle in Israel. He failed to persuade the Israeli authorities, prejudiced by his notoriety. In the end, Lansky comes through as a boring not an exciting figure, a colourless sort of master crook who struggled, in vain, to get back to his roots.

David Spanier

could be made only after the technology for extraction and the means of transport were in place. Pakenham gives excellent summaries of the careers of the capitalists involved, most of them more hopeful than rewarded.

The Left might have been expected to attack so open an extension of capitalism and power. Far from it, Karl Marx spoke in praising the white man's conquests as a triumph over barbarism. Christians and

nothing for it except to manipulate public opinion in favour of expansion.

The almost unbelievable incompetence of governors and commanders of military expeditions ironically helped to extend empire. These blunders had to be righted by the despatch of ever larger and better equipped forces. Pakenham permits himself a light and pleasing sarcasm at the expense of Sir Bartle Frere, Lord Chelmsford, Sir George Collyer, Lord Wolseley and many others who blundered so blithely into local disasters. In the best British romantic tradition, he admires those Africans who remained true to their warrior tradition.

The British occupation of Egypt in 1882 marked the moment when the scramble became systematic. The position in Egypt needed buttressing in the face of Gladstone's no imperialism, but his declarations sounded like mere duplicity. French suspicions could not be allayed. Playing on Anglo-French rivalry, Bismarck saw the opening to found German colonies.

This was European power-politics by proxy, and it is remarkable that the contest was contained within guidelines such as the Berlin Agreement of 1885. Pakenham's chief hero in this respect is Lord Salisbury, who instinctively grasped where lines were to be drawn, and that a concession here might accompany a gain there. Largely thanks to his wisdom and skills, not a shot was fired between European forces in Africa. When British and French columns met in the celebrated Fashoda incident, a final division of the spoils ensued. Only Liberia and Ethiopia retained independence.

Is Africa the worse for having been incorporated into the system of nations in this way? Pakenham thinks not. A process of such magnitude cannot be reduced to any useful moral judgment. At least, Europeans and Africans have prospered, meeting on equal terms, which might never have been the case otherwise.

David Pryce-Jones

Booker shortlist brought to book

THERE IS a daunting task facing the Booker prize judges when they assemble on Tuesday to declare one of these six novels the winner. The meeting which drew up the short list was a stormy one, leading to the resignation of one of the judges, Nicholas Mosley. The chosen books differ so markedly in content, style and quality that there must be very little consensus about what constitutes a good novel among the panel.

It was good to see *Reading Turgenev* by William Trevor included. It is a superb novel, the story of one woman's fate in provincial Ireland, gentle, sad, and as Trevor-esque as anything he has given us, even if originally published as one of two novellas in *Two Lives* (Viking £18.99). This implies that neither Trevor nor his publisher considered it a

full-scale novel, though it has been reassessed as such since the short list was announced. So here it is, nominated as one of the year's six best novels. When does a novella become a novel? When it is shortlisted for the Booker prize. After reading the five other nominees, Trevor's resolute, cool and firmness of purpose seem even more admirable. If this "novel" wins, it will be a victory for that quiet perfection that comes from a lifetime's dedication to the craft. Less is more.

It was not so good to find *The Van* by Roddy Doyle (Secker and Warburg £13.99) among this company. This is a sentimental account of two boozey, inarticulate working-class pals, recently made redundant, running a chip van, written in authentic Dublin Northside argot, which

must be incomprehensible to speakers of standard English when it is not downright offensive.

I was disappointed by both Ben Okri and Robinson Mistry, exactly the sort of writers, I thought, whom I would have missed, had they not been singled out on this shortlist. *The Forthright Road* by the Nigerian, Ben Okri (Cape £13.99) has a promising opening paragraph of almost Biblical resonance, and a good central idea in the figure of the visionary spirit-child. But Okri is more of a poet than a novelist; the mystical motifs and self-pieces soon become repetitive, as do the initially fascinating descriptions of Nigerian village life at the bottom of the ladder.

Robinson Mistry was born in Bombay and now lives in Canada. *Such a Long Journey* (Faber £13.99) is set in

Bombay at the time of the wars which created Bangladesh. Although the hero, Gustad Noble, a Parsi bank-teller, and his endless troubles are well realised, I found the background events hard to follow, no doubt through my ignorance of Indian politics and culture. Worthing but dull was the reluctant verdict.

Which leaves the two most obvious contenders: Martin Amis and Timothy Mo. *Time's Arrow* (Jonathan Cape £13.99) has the critics finally divided with one camp proclaiming it brilliant, and the other, in which I sit, finding it distasteful and meretricious. There is no denying that the technical achievement of telling a story backwards is dazzling and often very funny. It's a gripping book, to be read at one sitting, but Amis's account of the Holocaust, the

point to which we have been moving back in time, is woefully inadequate: an amoral literary construct, all style and no substance. It would be ill-advised for the depleted panel to award the prize to such a book.

Timothy Mo's *The Redundancy of Courage* (Chatto & Windus £13.99) is a typical Booker prize winner, a rattling good yarn about guerrilla warfare on Dana, a newly independent island to the north of Australia, told in the first person by Adolf Ng, a hotelier of Chinese origin. But somehow it's not the sort of book that you'd find yourself recommending to a friend with the presumption "... if you only read one novel this year ...".

The odd thing, in fact, is that none of them is.

Alannah Hopkin

Roots of a master crook

WHEN MEYER Lansky was growing up on the slummy side of New York, he spotted a neat but risky way of turning a fast nickel. The first time the boy laid down a bet at a street corner

LITTLE MAN: MEYER LANSKY AND THE GANGSTER LIFE by Robert Lacey Century £17.99, 347 pages

crap game it cost his family their hot Sabbath meal. He never forgot the shame of that loss. But if he put his nickel down at the very last moment, after the shill put his own money down, he was on to a sure thing. Moving on fast, Meyer would find another game. He never ran out of a nickel again.

It was a valuable lesson. "There's no such thing as a lucky gambler", he liked to say. "There are just winners and losers. The winners are those who control the game."

This childhood experience set the pattern of Lansky's life: using his wits; trying to keep out of trouble; and at root, a deep sense of his Jewish background.

Lansky, born in Grodno, on the borders of Russia and Poland, graduated from street crime to illegal gambling, rising above it all finally, to be dubbed "Chairman of the Board" of what is loosely called organised crime. That, anyway, was his reputation. His name became a talisman, which prosecutors across the country had only to mention to invoke crime, violence, extortion, rackets, fraud, all the dark side of American life.

It is the thesis of *Little Man* that all this was hyper-inflation. Lansky was a crook, but not a crook. His reputation was coloured and exaggerated because the American public, in a paradoxical way, is half in love with the nefarious glam-

our of the mob and its henchmen. In popular imagination, the mafioso has replaced the cowboy.

But how did Lansky gain his reputation? What did he really do? He followed a life of crime, certainly. He teamed up with Jewish and Italian gangsters in New York, he got involved in gambling in Havana in the bad old Batista days (and he ran his operation straight), he joined up with Bugs Siegel, backing Flamingo in Las Vegas, which was the first of the modern casino-hotels.

But he kept his distance. His real talent, according to this account, was his financial acumen: he was the man the wise guys trusted to keep count of the "points" (the percentage stakes in ownership) which they held in casinos. He did it all in his head without records, which was just as well for him because his house was continually being bugged and burgled.

Aside from being Jewish, which would have disqualified him anyway, Lansky was not a *cop* of *bad cop*, or anywhere near it. Take the crucial point about his wealth. It was estimated on one occasion at \$300m - perhaps 100 times higher than his real assets. He was supposed to have said: "We're bigger than US Steel".

Another figurement. Such claims appear to have been a result of sloppy reporting, repeated and re-published every time an article on organised crime was written, until every law enforcement officer in the country believed it.

The reality, as author Robert Lacey shows in this measured and illuminating account, was quite different. For a start Lansky did not live in Vegas, he kept well away in Miami. He had simple tastes, and the pre-occupation of so many Jewish businessmen - looking after his family (his son Buddy was

handicapped) and sorting out their marriages and other problems. All this was far more of a burden than keeping track of gambling skims.

He spent his whole life hounded by the Internal Revenue Service, and was always on the short end of a prosecution. Whatever his criminal earnings - evidently sackful less than the public wanted to believe - he kept his legitimate income clean. Despite a lifetime of attempting to nail Lansky, the Feds never got anywhere.

Evidence of his cleverness? Or evidence that he was not the mastermind of crime-writers fiction? Lansky spent most of the latter part of his life trying to settle in Israel. He failed to persuade the Israeli authorities, prejudiced by his notoriety. In the end, Lansky comes through as a boring not an exciting figure, a colourless sort of master crook who struggled, in vain, to get back to his roots.

David Spanier

A trot through Mongolia

IN SEARCH OF GENGHIS KHAN by Tim Severin Hutchinson £17.99, 266 pages

to ride via their old courier route all the way to France. In the event, due to the sort of bureaucratic bungling that has frustrated so many of Unesco's Silk Road schemes, neither pilgrimage was achieved.

It scarcely matters. Severin is not a scholar. He is there for the ride, and he writes about it well. His sense of humour, his eye for landscape, his nose for character - not to mention his

stomach for boiled sheep's guts - have combined to dish up a juicy tale.

The narrative is bulked out with solid chunks of history, permitting the reader to appreciate how little the life of rural Mongolia has changed and at the same time refreshing what for most people is only a folk memory of the most feared empire the world has known.

There is quite a lot of tightening of girths and plucking of tents in this book, but Severin knows better than to weary his reader with too much of it. Indeed for the most part he stands a modest

distance off to allow his reader a better view of the subject.

As to his veracity, I can only say that having myself once been lunched in a Mongol yurt and been obliged, sick and very drunk, first to sing a lovesong and then to ride out on a Mongolian horse ("a flat, hammering run") I find Severin accurately describes their gait. I find no reason to doubt a word.

In *Search of Genghis Khan* is not cheap, but the beautiful photographs by Paul Harris are some justification for the price. Equestrians will enjoy this book a lot, I have no doubt, as will devotees of Central Asia. But if you are fond of sheep - well, you have been warned.

Christian Tyler

IF YOU have not yet been pony-trekking in Mongolia, this book is the place to start.

There may be a few faint hearts who will use Tim Severin's account - the bleak terrain, the extremes of temperature, disgusting cuisine, outbreaks of Black Death and the absence of flushing lavatories - as a pretext for delaying their trip until Mongolia's infrastructure has been upgraded.

But the rest of us, however pampered and sedentary, will be eagerly packing our saddlebags in order to taste the pleasures of the wilderness before the inevitable tourist rush destroys it.

Severin makes an enviable living out of re-enacting, then

writing about, historic voyages. He has followed Marco Polo, St Brendan, Sindbad the Sailor, Jason and the Argonauts, and the Crusaders. This time, exploiting Mongolia's emergence from under the Soviet thumb and the diplomatic *entrées* provided by Unesco's project on the ancient Silk Roads, we find him trotting round the Gobi desert in pursuit of the shade of Genghis Khan.

He had intended to follow the route taken in 1221 by the Chinese sage, Chang Chün, to Temu'in's camp near Samarkand. The Mongolians, on the other hand, wanted him

Genius of comic invention

THE VIEW of the bridge is terrific. Alan Ayckbourn's *The Streeters*—Comedies at the Strand Theatre opens with two would-be suicides preparing to throw themselves down into the Thames and to attract traffic going past in the background. One is Chaisea or the Albert Bridge. Remember that point, for it is only four hours later that its significance becomes clear. It is about 5½ hours before the bridge reappears.

A central question about Ayckbourn's new play is whether he is justified in extending it to two parts, both of which, except for a few minutes, are of length, yet undoubtedly the same piece. The answer is just a touch



The most sustained comic inventiveness comes in the duel scene in Part Two. "People don't duel any more," says Rhys Jones when challenged. "They do round here. When was the last duel?" "1750?" he guesses. "Last

The play is directed by Ayckbourn himself and there is some very clever designing - not only of the Albert Bridge, for such it is - by Roger Glos-



D RACE desperately

each other. The Prague Symphony Orchestra has just dismissed its second general manager since the revolution, and is beginning to wonder whether Supraphon will ever get its act together to restart Czech issued recordings. Now the Czech Philharmonic has succumbed to democratic madness: it is holding an election for chief conductor, in which the hard-working but unglamorous conductor Jiri Stanevsky (who understands the orchestra's tradition and succeeded Václav Neumann only last year), is being challenged by the German Gerd Albrecht. Against this background, it is a wonder that *Rienzi* took

But the production's greatest asset was the Austrian heldentenor Peter Svensson, who made an ideal Rienzi - ringing tone, musical delivery, confident and personable appearance. He looked like a real hero. He looked like young René Kollo, but with less bluster. In short, Svensson is a major find. Adriano was sung by the veteran German mezzo Ortrun Wenkel, who turned herself into a creditably quick-footed romantic lead by making a few of the most desirable recordings to negotiate the Italianate vocal leaps. Strong supporting contributions came from Martin Winkler as Colonna and from several Czech stalwarts in smaller roles. Libuše Macháčková, who sang the title role, threw a dose throwback to the old melodramatic clichés.

Perhaps *Rienzi* will turn out to have been a one-production wonder. On the other hand, it could mark the long-awaited turnaround in Prague's operatic fortunes. What is beyond doubt is that it adds up to an important intervention by the new management at the Smetana Theatre - to give original-language performances wherever possible, to engage good foreign singers who are prepared to accept interesting work for less pay, and to break from the fossilized repertoire inherited from the Communists. The repertoire for the rest of the season - including *Otello* next month and a Zemlinsky double-bill later on - looks foolhardy for a company laying new foundations. But *Rienzi* has provided just the kind of psychological stimulus that Prague's opera life needs.

ings, and one of the authors, Marie Jones, has a delightfully light comic touch which is wasted in this ill-judged venture.

Dermot Bolger's new play, commissioned by the Abbey for its small traverse stage, *The Peacock*, got a rough ride from the Irish critics who, up to now, had lavished praise on this highly accomplished 32-year-old writer. Bolger started out as a poet, and makes a bold attempt here to mix highly poetic language with realistic dialogue. Once I had suspended the requisite amount of disbelief I found that it worked

Supren

SAUL (1739), *Belshazzar* (1745) and *Theodore* (1750) are three of Handel's greatest oratorios. All three have been recently published on disc, in performances that by and large do them fuller justice than any

McGahern's play on the main Abbey stage, *The Power of Darkness*, grew out of a rare adaptation of Tolstoy's melodrama of the same name. A rich and elderly landowner is poisoned by his younger wife, who then marries their workman, Paul. Paul then seduces the farmer's daughter from his first marriage, Margaret, and gets into bed with her unwanted child. The fairy tale is directed by Garry Hynes in a bare grey set. The cast rant and rave for all they are worth, but somehow it was impossible to be moved by their predicaments. The audience seemed to be in their reaction mode. I hope some of them got more out of it than I did.

Alannah Hopkin

Supreme master of the oratorio

extremes of slow and fast; the effect is sometimes gripping in the right, dramatic way, sometimes merely eccentric.

But then there is also the matter of the soloists. Another factor common to the new recordings is the almost uniform expertise of the singing, with accuracy, fleetness, and tonal beauty guaranteed (James Bowman's *Belshazzar* Daniel, hoaty but impassioned, may divide tastes, and in the same work David Wilson-Johnson's Gubias sounds to me at once too light and too conso-

Cyrus in Catherine Robbin, and an insufficiently commanding Nitocris in Arleen Auger. The Queen Mother, a cross between Cassandra, Fricka and Volumnia, who launches the work with that greatest of all opening lines, "Vain, fluctuating state of human empire!", is simply a grander and more imposing figure than the limpid, shapely tones and impeccable manners of the admirable American soprano are capable of conveying. In this respect I find the

Theodora most affecting of the three performances. Only Roberta Alexander, a passingly uneven but always deeply touching heroine, is native to the English language; the German *Die Schachti*, whose Septimius offers some of the loveliest Handel tenor singing on record, manages the words with excellent confidence, but elsewhere there are more obvious infelicities of diction. Yet all five principals achieve flesh-and-blood characterizations; a work sometimes so didactic that it bores its artists, it seizes the listener by the emotional scruff all the way through.

Max Loppert

In the *Gardiner* *Saul*, however, the pull of drama between Saul and Jonathan is so strong that David doesn't achieve full keenness. The reason for this, deduce, is that while John Mark Amblesy's tenor Jonathan has a certain nobility, nobility, youthful tenderness, and the David of Derek Lee Ragin — another counterpoint voice that may divide tastes — kindles fire from words and tone, and Ragin's voice can't encompass the torments of the maddened king. His well-groomed bass, resonant and easily produced, sails with a kind of docility through the florid writing that the libretto strained both Donald McIntyre and Fischer-Dieskau; his predecessor Sauls on record; on the whole, though, this recording is a little less than a first, far too early in his career.

Similarly, the *Belshazzar* shows us a ripely overweening titular figure in Rolfe Johnson, a beautiful fresh and graceful

but, rather, set in new, outward-looking social contexts. The magnificence of *Saul* and *Belshazzor* and the ineffable quiet radiance of *Theodora*, one of the composer's own favourites among all his works, depend equally on the closely pictured mortals who suffer at their centre and the "public" splendour of their choros. Transcending the dramatic frame. A successful theatrical oratorio performed by a good orchestra can therefore be judged by its achievement of a distinct three-way balance – between the vividness of vocal and instrumental sound, colour

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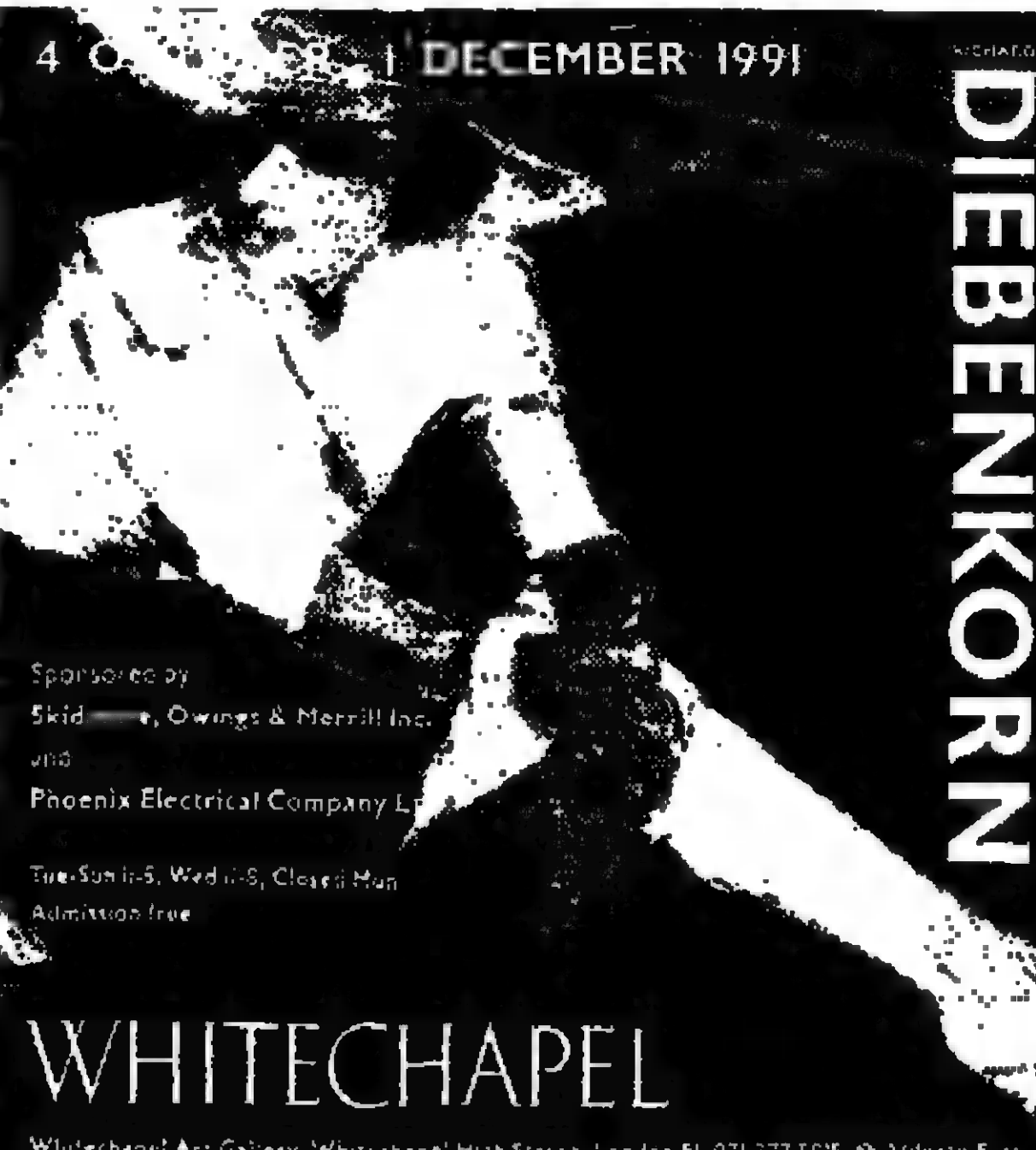
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Travel

A SPECIAL SUPPLEMENT

SECTION III

A magic carpet salesman

Nicholas Woodsworth on the pitfalls and rewards of following an ancient caravan trail

IT IS WHEN things get especially slow that most travel-guide writers like to lay it on thickest, or so it seemed to me as I drove the long and unutterably dull road across the Anatolian plain to the city of Konya.

As I sped, I read. This is easy enough to do on a flat and empty landscape where the highway disappears as straight as a die over the horizon. The road I was following, my impassioned text told me, was "the ancient caravan trail connecting Rome to the East."

Well, that was all right: at least I could see it. But where were the "nomad yurts in the distance," the "haunting ruins of the Seljuk caravanserais," the "goatherds with their flocks," the "lone burdened camel whose driver turns to shoot back a grin as you pass?"

As far as I could see - and I could see a very long way - I was alone on a plain of brown grass with nothing more to look at than the electricity pylons of a distant transmission line. What hope, then, could I hold out for Konya? It would take some imagination to believe that the city has ever been the centre for anything, for it sits in the middle of nothing.

Lacking other diversion, I read on.

There it was on the next page. Konya was, as I expected, like the road. It was ancient. But it was much more than just ancient. It was "the ancient capital of the Seljuk empire, centre of the mysterious land of Rum, home of the Sufi mystic Mevlana Jelaladdin, leader of the whirling dervishes - a sinister city of mosques, minarets and veiled women in bazaars, where the long-piped *ney* is still played in

Mevlana's *medrese*..."

On and on it went, a sentence so long that, fascinated as I might have been to find out what a *ney* was - and what it was doing in the mystic's *medrese* - I had to look up. I had nearly run off the road. To find out I would have to wait until I reached the sinister city.

For all the guide's melodramatic prose, Konya is an ancient city. It was old even in 1,200 BC, when the Phrygians lived there; they believed it to be the first city to have emerged after the Flood. The ruins of Catal Hoyuk, 25 miles from Konya, provide some evidence for this belief. Archaeologists claim it housed the oldest known settled community in the world. Certainly my hotel, the Dergah, was old. During my stay there the ancient plumbing in the bathroom gave up the ghost, giving rise to its own spectacular flood and ruins.

But Konya sinister? Hardly. Perhaps it was sinister in the past. During the time it was the capital of the Roman province of Galatia, Saint Paul found it such a den of pagan iniquity he felt compelled to write its citizens an open letter.

The Galatians cannot have taken its Christian message wholly to heart, for today Konya is the most fervently Muslim town in all Turkey. I arrived during Bayram, the holiday that follows the long and difficult fasting period of Ramadan. The city was full of bus-loads of jubilant, holidaying Turks offering sweets to all and sundry as they made the rounds of Konya's holy sites. How sinister can you get?

The Dergah hotel sits just 100 yards from the turquoise-

tilled dome that covers the monastery and tomb of the Mevlana, the celebrated Sufi who founded the Dervish order in Konya in the 1200's. Here I ran to ground the mysterious *ney*. A long bamboo-like flute, it once provided the music to which troops of dervishes, robes flying, whirled themselves into states of spiritual ecstasy.

These days the Mevlana's monastery draws more motor-coaches than mystics, and *neys* spend most of their time behind show-case glass. The modern Turkish nationalist leader Kemal Ataturk found that the Dervish order's political influence was at least as developed as its spiritual mastery, and, along with other powerful sects, banned it. Still, the Dervishes continue to exist as a cultural organisation, and the tomb remains one of the most revered in the country.

It was on my way back from the master's tomb that I discovered that Konya, lost in the middle of the Turkish steppes, is, in fact, a centre for something. It is not spinning ecstasies, nomad yurts, veiled women or grinning camel drivers. It is carpets, some of the best in the world.

Carpets are to Konya what steel is to Pittsburgh: no longer the sole basis of the local economy but so deep in the blood no-one can imagine life without them. Wheat farming has always been around. But, Ali Osman told me with some satisfaction, when Marco Polo passed through it was not the wheat he remarked on but the carpet-making.

Ali Osman's shop sits on the corner between the Dergah and the Mevlana monastery, a fine location for catching the tomb-bound tourist trade. The shop



Guzelyurt town in central Cappadocia, home of an ancient culture

is on a second floor, entered by a narrow stairway, and not immediately noticeable. But Ali Osman has got around that problem; he keeps his younger cousins and nephews posted out on the sidewalks. All of them speak four or five languages, are as sharp as tacks, and could sell sand to the Saudis. If you do not know of Ali Osman's carpet shop by the time you have passed the corner, neither would you notice a dervish if he whirled down the middle of the street.

Selling carpets is a competitive business in Konya. There are more than 100 carpet dealers like Ali Osman in town. Some of Ali Osman's less linguistically-accomplished colleagues like to begin their pitch with the remark to passers-by that they are on the "Silk Trail." They mean, of course, the historic Silk Trail to the East. But the first is equally true.

Carpet dealing, it seems, is the Oriental equivalent of horse-dealing in the West, the one in which an average punter like me, enthusiastic

Turkey: information file

Konya Travel information: Found on the central Anatolian plateau, Konya is a 14-hour train ride from Istanbul or a four-hour bus ride from the capital, Ankara. The easiest way to visit Anatolia is by car. Avis, Hertz and other hire companies can be found in Turkey's main cities.

Much less visited than the country's Aegean and Mediterranean coasts, the Anatolian plateau offers a more adventurous and unspoiled side of Turkey - traditional villages, spectacular scenery and unique archaeological sites. An average 1,000 metres in altitude, Anatolia is snowy in winter, hot and dry in

summer, and best visited in spring and autumn.

If you appreciate creature comforts, a trip to Konya might be most conveniently combined with a visit to the well-known rock-churches of Cappadocia, where tourism is well-developed. Konya has a large number of hotels, but none of international standards.

Konya remains one of the largest centres in Turkey for knotted and kilim carpets. You may find carpets cheaper there than in Istanbul or along the coast. Ali Osman Suband can be contacted at the Kandil Carpet and Kilim Shop in Konya on (033)-110127.

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TRAVEL

Naples: full of scoundrels and maniacs

Nigel Spivey revisits a city where all the residents appear to live on the margins of criminality

MY FIRST visit to Naples was by train. On the station concourse I was approached by a man who offered me a night with his virgin sister for about £25. I hurried on, to meet a professor who was visiting the National Museum. The professor was manacled to a briefcase. He had been robbed once before in Naples and had invested in a pair of handcuffs.

It seemed to me that a thief would suppose that such a briefcase contained more than compendious jottings on Greek vases, seeing it attached so securely to its owner. But the professor reckoned his notes worth his life. He would stay in Naples for the briefest possible time. It was, he said, a city infested with scoundrels and maniacs.

Returning to Naples a decade later - this time by air - I found the place as generously packed with scoundrels and maniacs as it ever was. The maniacs are easily explained: Italy got shot of lunatic asylums not long ago, and Naples is probably not the only place where you are greeted by the crazy grins of tormented souls dragging their misshapen bodies through the streets.

As for the scoundrels, they command as much admiration as disgust. You have to admire the skills of the delinquents whacking a ball about beneath your hotel window at 3am and, if a man with a mandolin comes up to you in a restaurant and starts crooning - or, worse, puts his foot on the table while he croons - what can you do but crackle a thousand lire at him in reward for sheer impudence?

According to the rest of Italy, there is hardly any Neapolitan who does not live on the margins of criminality. Even those Neapolitans who seem more divine than human may be jailbirds, if only for a month or two. And when at liberty, all Neapolitans present



A Neapolitan market - the food and wine are worth further investigation

a tableau of fine entertainment for the tourist.

A weekend ought certainly to include the witness of a *passaggiata*. To say this is a "walk" conveys little of its extraordinary social and erotic importance. It is a pre-prandial promenade, staged to be seen. I installed myself in a harbour-front bar to watch the display, and was joined by a group of naval officers who glugged Peroni gas straight from the bottle and were quite over-awed at

the glamour processing before their eyes.

Nowhere are women more feline than in Naples, and the *passaggiata* is their catwalk. The young men strut with enviable arrogance while the older men, with neat moustaches and perfectly-cooked tribbles, link arms and discuss their criminal business with great dramatic style.

The Royal Naval men, who since Nelson's time have parked their frigates in Naples

harbour, were in short sleeves and perspiring, the greatest mystery was how the women could be putting along in fur coats. As we watched, a bundle of assorted Neapolitan mongrels appeared on the pavement, and began eagerly copulating on the red carpet of a hotel entrance. No one seemed to bat an eyelid at these randy strays. Later on, as I walked along the harbour-front towards La Bersagliera, a restaurant which retains some

residual elegance of Bourbon manners, I passed a mile-long line of couples in parked cars. Most seemed to be locked in the postures that sex educationists call heavy petting: it was done with all the insouciance of the bundling dogs.

The BBC once told us that Neapolitans enjoy the healthiest diet in the world. The seafood, especially the swordfish, is excellent; so too is the pizza, although it is always worth remembering that the first pizza

was combined by a Jesuit priest with the object of producing not a gourmet experience, but a cheap means of assisting the starving classes of Naples. Above all, though, there is the wine. Whether the wine comes from the slopes of Vesuvius, or the volcanic island of Ischia, and whether it be white or red, it has a clean, grainy edge to it. Not often encountered in shops in Britain, it is worth serious investigation in situ.

Quaffing the local vintage

soon changes your view of Naples. The noise, the grubbiness, the scavenging mutts and the scootering bag-snatchers, become minor nuisances. If the city is too much, it is easily escaped: ferries and hydrofoils to Capri (where the retreat of Tiberius is worth a stiff climb) and Ischia (pleasant, as German colonies go); or, of course, Vesuvius and its Roman urban victims. But I suspect that many people will get as much as they want of antiquity in

the National Museum, which contains many of the paintings from Pompeii and Herculaneum, as well as some large florid masterworks of Roman sculpture. Unusually for Italy, the museum shop is well-stocked with reproductions.

Its holdings of ancient art make the National Museum one of the world's great museums. And you can make its Suffolk-pink brickwork a landmark around which to base further exploration of the civilised parts of Naples. Just opposite the museum is a shoe-polishing place (*lastrasciarte*), whose very existence is another token of the peculiar Neapolitan gentility of the old men of Naples. Then, walking down to Piazza Dante, you pass a shop called *Bianchi Belli*: beautiful kids, for whom the most delightful shoes and clothes are specially designed. Naples may be vicious, but it is an infantocracy, and the ubiquitous good treatment of their children enlarges your affection for the people of Naples.

In Piazza Dante, look out for a bar purveying "Mexico coffee." The bags under the eyes of the men serving this coffee testify to its addictive addictiveness (be warned: it is automatically sweetened unless you specify otherwise). Given what the Italians call the *urto del caffè*, roughly equivalent to a good slap in the face, you can proceed to the city's most unusual church, Santa Chiara. The cloister of Santa Chiara is done in mahogany, and encased by vines and citrus trees. It is a quiet place. The decoration is absorbing. If this is the criminal world, then it pays to be here.

Information: Nigel Spivey flew to Naples with British Airways. BA flies to Naples five times a week: its Eurotraveller fare is £185 return. He stayed in the Hotel Rex, Via Paleopoli 12, in the Santa Lucia district. Rooms available for £60,000 per night (roughly £30). Tel: 416388-416160.

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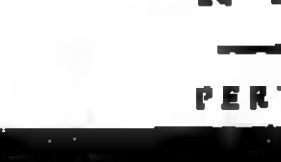
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TRAVEL

The true confessions of a drinking man

James Henderson, glass in hand, weaves his way through the beer halls of Bohemia

"ALL IS well where Beer is brewed". Old Bohemian proverb.

The very mention of the word "beer" in Britain is enough to make some people cross themselves and shuffle away. Understandably. You might be a Real Ale pedant, or perhaps you are about to regale them with stories of a karaoke video-session at the local and then burst out in a medley of songs.

But in Central Europe beer is regarded as a perfectly normal drink. Even Presidents partake. Oompah-pah bands and jolly giants in leather shorts are as rare as Morris dancers. And besides, Central European beer is also a whole lot more drinkable than the fearsome brews, steeped in cadmium and catfish, that are concocted in British breweries.

The fact that both Pilsen and Budweis, names that have spawned beers all over the world, are towns in Bohemia made me realise that Czech lands must be worth investigating. There was no shortage of boozing companions offering to come along for the ride, so three of us set off on a tour of the Czech lands.

We travelled from Germany. Pilsen is about 50 miles from the border. Like Ceske Budejovice (Budweis), Pilsen is in the old German Sudetenland, now a bit of Slav into the German-speaking mass of Central Europe. Around us the alphabet suddenly changed - the letters of the Czech language look odd stacked in unusual combinations, put through gymnastic paces by unfamiliar accents.

Pilsen is a sad town. Unlike Prague, which has been steadily restored, it has been left to decay for 40 years. Everywhere there is an infestation of wooden scaffolding in the streets, shoring up the elegant pre-war buildings. Ceske Budejovice, however, is in slightly better repair. It is a charming town of medieval streets lined with columns and arches and a baroque central square, all built on the prosperity of salt, cloth, malt and beer.

Of course its other name, Budweis, is world famous. One in four beers drunk in the US are Budweisers. Busch of Anheuser Busch was of Czech



origin and he set up a brand with the name in 1876. There is another brewery, producing the local Budvar brand, in among the concrete infestation of the town's suburbs. Unfortunately you can only tour it if you take a tour bus.

However, in Pilsen it is possible to tour the Pilsenský Prazdroj brewery. This is the Urquell or "original source" of all the Pils brews all over the world. You will recognise it immediately by the crowd lunging off crates of Pilsen's best brew and by the dedicatory arch, erected in 1882 to commemorate 50 years of successful brewing. On top is a sculpted scene of cherubs and conquerors flanked by foaming flagons at slightly tipsy angles.

The tour begins with a film of Pilsen brewing, illustrating the "old Czech techniques", in which the beer is made of nothing more than hops, water and malt and then matured in oak casks. The result is a delicious

light brew. The techniques may change soon as the industry receives an injection of foreign cash and begins its modernisation programmes, but for the moment the traditional methods are still used.

From here you go to the boiling rooms where more than 4,000 gallons are boiled each year in huge inverted copper plungers. And then you follow the brew underground to the Sklep & Spilka (they sound like the Bill and Ben of brewing, but in fact mean no more than "fermentation and cellars"), nine kilometres of chilly underground tunnels with a strange bitter smell of yeast and carbon dioxide.

In the fermenting hall a sea of vast oak barrels stand at rebellious angles, bubbling away as the beer is fermented for 60 to 80 days. When the beer is casked and packed off to the Pilsener beer halls. From the cold you emerge into

the convivial warmth of the hall itself.

While chatting and testing the brew in its home town, we discovered that there is actually a Museum of Beer in Pilsen, set in an old Malthouse. Brewing and drinking beer has been a way of life here for hundreds of years. The first recorded brew was in 1088 and the town had a royal charter to make beer by the 12th century.

Three hundred years later a doctor and drinker called Jan Franta and his followers even produced a sort of boozers' charter. Franta's Pilsner. With their motto of "Sleep by day, drink, play, sing and make love by night", they produced a series of joke laws in a satire of medieval society. It seems that these malthouse pranks were suppressed fairly quickly by the Church, but their brewing was allowed to continue at least.

There is pub memorabilia from across the ages, including

a wind-up polyphon, a 19th century juke-box with saw-toothed metal records 2 ft in diameter (we heard a rendition of the Blue Danube in plinks and clangs), a multiplicity of steins, brewing and bottling contraptions and a vast boot tankard which malthouses had to drink from at their initiation to the guild. This fearsome vessel, which holds about two litres in all, is a close relation of the yard of ale and it will explode in your face if you do not drink it carefully.

And so to Prague, for a booze-up to follow up on a few of Franta's maxims. For the committed drinker, Prague is larger than life. It has 900-person beer halls, countless local brews of light beer and dark beer, all at 15p a pint. There is even a hotel in Prague where you can spend the night in a beer barrel.

That well known Czech literary character, and confirmed boozier, the Good Soldier Svejk,

had his local at U Katicka (At the Cat). One of his parting lines was: "I see you in U Katicka on Na tohista at six in the evening when the war's over". It seemed like a good place to stay.

We set down, beneath cartoons of Svejk. In seconds a waiter came by with two fistfuls of litre mugs. He thumped two down on the table, whipped out a pen and scored the table cloth twice. There is no deliberation about what to order here. There is only one thing to drink - Pilsenský Prazdroj - Pilsen. The waiter simply keeps the score for you as the evening goes on.

After sinking a few we moved on to one of the best known beer halls in Prague, U Fleku on Remenova, where they have brewed a dark beer on the premises since 1499. Nearly a thousand people can drink here at any one time, in beer gardens, rooms that resemble medieval taverns, a

cabaret room and a panelled hall that looks like a university college dining room.

We sat in the garden, huddled down along a 10 metre table, notching up more scores on a beer mat - the next beer arrives just as you finish the last and you have to catch the waiter if you do not want it. The beer is not bad, though I am sure that it has the faintest whiff of Bovril.

U Fleku is quite well known with the tourists - whole troupes of German backpackers line their rucksacks against the wall and the old hundred-year-old Italian schoolchildren snakes its way in here, flushed after a hard day's sightseeing - but it is worth a look. It also gets quite noisy and rebellious as they break out into song, but they have not discovered karaoke yet, thank goodness.

Across the Charles Bridge you will find a few smaller local bars with boozing Czechs

rather than boozing Germans, and the farther south you go, the more raucous they become. We started at U Cerného vola (At the Black Ox) near the castle and moved on to U Kocoura (At the Tomcat) in Mala Strana and then to Smichov at the Hospoda na cecich.

Finally we made our way, somehow, out to our hotel at Na Vlachove (At the Beer Barrel), a Budvar bar with its dual themes of beer kegs and wagon wheels. You enter through a barrel end into a local bar with wooden panelling and partitions. On the walls are murals depicting the monthly Budvar delivery, underscored with heavy maxims. We started yet another tally, hopelessly, and, encouraged by the locals, began to sing, even more hopelessly, Czech drinking songs.

And then it came to retire to our "rooms": 5,000 live Budvar beer barrels turned on their side, each with a table-lamp and a tree-rod and white chequered curtain. After a quick game of hide and seek and some confusion as to exactly which of the 30 barrels in the garden the keys fitted, I went to bed, or rather collapsed, snoring.

It was a fitful night's sleep. I think the years of fermentation had impregnated the barrel walls with some sort of heavy djinni who was not going to let me get away with it. Strange thing, though, next morning I was fine. Czech beer hardly gives you a hangover at all - they say it is the lack of chemicals. Na zdravie!

Information: Air Fares: Czechoslovak Airlines (071-255-1898) and British Airways (081-897-4000) offer AFEX flights from London Heathrow to Prague for £194 (Oct 1 - Dec 15). The full economy fare (club class) is £260.

Vissas: Most European countries, including Britain, do not require visas, provided you hold a full passport valid for six months or more. Czechoslovak Embassy (071-228-1255).

Accommodation: Cedok, 17/18 Old Bond St, London W1, can arrange a hotel and rented accommodation and car hire throughout Czechoslovakia (071-629-6058). Reading: Cadeau Guide to Prague by Sadakat Kadri (£2.95).

Doing Japan by the book

THEY SAID IT could not be done. But we lived to tell the tale: five days in the Japanese outback with nothing but a Berlitz phrase book to guide us.

Forgive the pioneering language, but my wife and I felt a bit like adventurers as we boarded the train for Kanazawa, a town on Japan's west coast, on the first leg of our little tour. We didn't speak a word of Japanese apart from "arigato" (thank you) and "sumimasen" (excuse me), which we were told meant something like "Forgive me for being so stupid." And we were going to stay in Japanese inns all the way.

We had taken the precaution of planning the trip in detail in advance. An amazing lady at the Japan Travel Bureau in Osaka had plotted every inch of our route. She telephoned the ryokans (inns) where we were staying, booked the trains and buses, gave us slips of paper with Japanese messages for taxi drivers - and ensured that we understood the mysteries of communal bathing.

But we quickly discovered that travel on Japanese trains is easy so long as you have a mind for brain-teasers, to help you read the destination signs. We learnt that a three-pronged fork meant yama. We also worked out that what looked like a telephone sitting on a

parcel meant in. Bingo! telephone-on-a-parcel/fork was Toyama, where we had to change trains. From there, it was a small step to work out that TV-on-a-table/fork meant Takayama, our next destination.

Only once did our plans fail: we missed our bus stop high in the Japanese Alps. But that was more than made up for by the kindness of our bus driver who made a special stop on the way back to drop us at the door of our ryokan.

Actually, Japan has come a long way in the last few years in putting up signs in western script. Many instructions are in English, and it would be a considerable achievement to get utterly lost. Few Japanese speak English, though. Many of them cannot understand why foreigners do not speak fluent Japanese, including one old lady in a Buddhist temple who gave us tea and biscuits, but stared pityingly at me as I struggled with my phrase book. We ended up showing her pictures of our children and dog for lack of any other conversation.

Much harder is getting accustomed to Japanese inns. There are two types: the minshuku, which is a kind of bed and breakfast and quite cheap (about £20 a head including dinner and breakfast), and the ryokan, a traditional Japanese

inn with all the trimmings - and expensive (about £75 per head per night). Both are likely to be carpeted with tatami mats (no shoes indoors), and you sleep on the floor on futons. In very traditional ones, the pillows are stuffed with buckwheat.

The minshuku was much more fun. Mrs Ikegami's in Kanazawa was an unusually large old house with dark corridors and polished floors. Her

David Lascelles dares to take a self-arranged tour

only English was "dining room" which was very useful because it indicated both the place and when meals were ready. Her husband grew azaleas: there were pots of them on every flat surface inside and out, being trained into distorted shapes with twisted wire. For some reason there was a pile of old magazines and a brand new set of cutlery by the dining room door.

Mrs Ikegami was discreetly attentive. She took us on a guided tour of the facilities, clucked gently when we forgot to take our shoes off, served us green tea and then melted away. There was much smiling

and bowing when we took our leave.

In the ryokans there was a more conscious attempt to recreate traditional Japan, which was interesting but rather forced. In Takayama, where the ryokan was in a dull modern building, there was piped bird-chirping in the corridors and the maid served dinner in our room in full kimono-ed splendour.

The food was always magnificent. Dinner was usually a dozen courses. We managed fine with the more accustomed Japanese food: tempura, noodles, soup, pickles and even sushi. But there were some things we found hard going, particularly a mixture of raw egg and semolina with lumps of raw fish floating in it, and a sprinkling of seaweed.

The difficult part was breakfast. I was able to digest all the above at dinner time, but not again at 7.30 the next morning. I confess that in Kanazawa we dropped in to the nearest US-style snack bar for donuts and coffee. But our last ryokan delighted us by serving bacon and eggs, toast and marmalade. They knew the limits of tolerance.

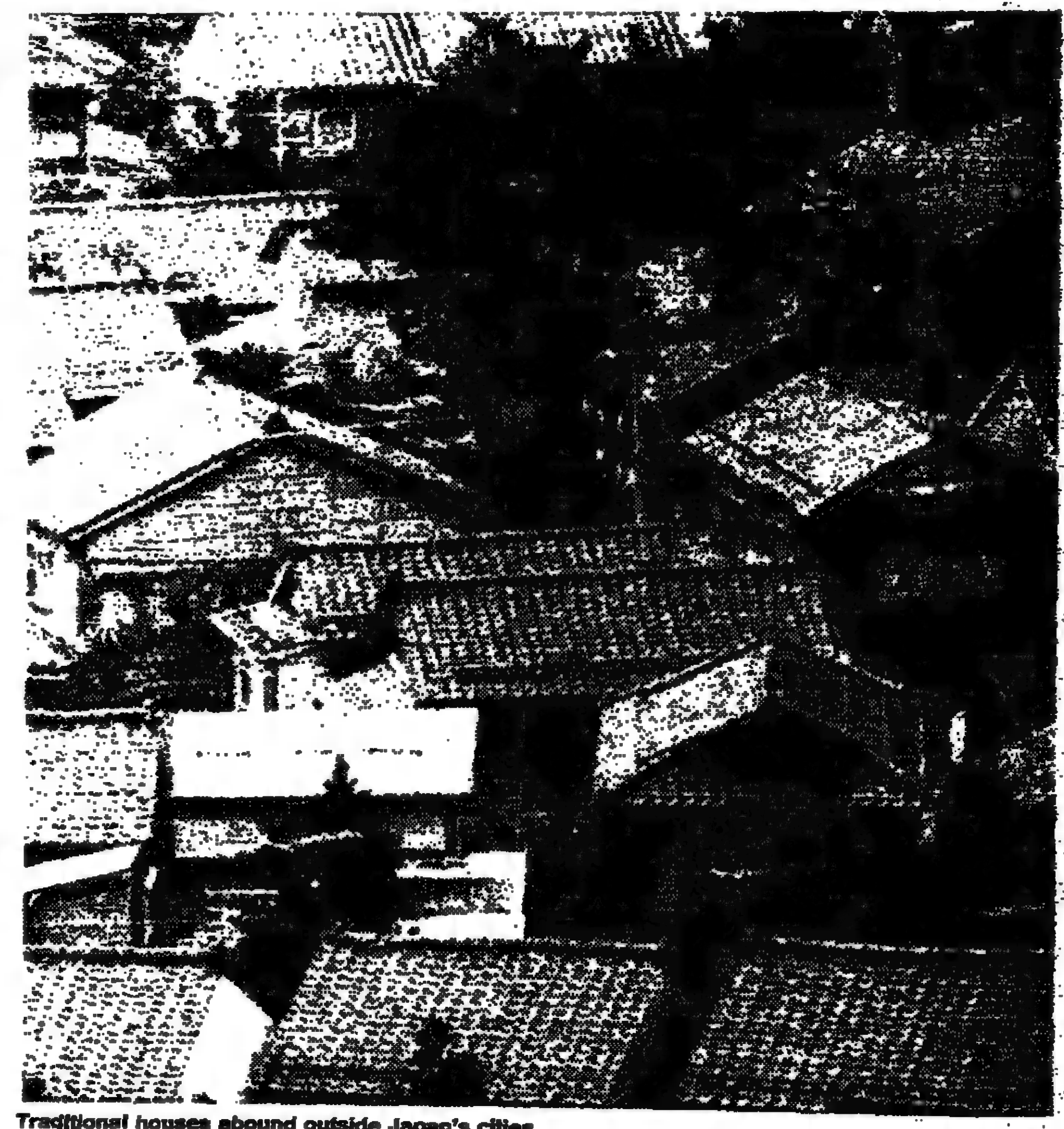
The daily high point was unquestionably the communal bath. This is a highly ritualised affair requiring one to shed one's silly western inhibitions. The sexes are separated (usu-

ally), but you take the company as it comes. The important thing to know is that you wash and rinse before you get into the bath. This is done at taps and showers round the side. A long soak in almost unbearably hot water is a wonderful prelude to a relaxed evening padding around in slippers wearing a cotton robe.

In our mountain ryokan they had an outside rock pool fed by hot springs. The azaleas overhanging it dripped their petals into the steaming water. The fact that it was beside a busy road from which people in passing coaches could see us mattered little.

Returning to a Tokyo skyscraper hotel after all this was to hit the real world with a bump. For five days we had lived with the smell of soy and the chirpy sound of Japanese in conversation. One thing we realised was that we had felt totally safe throughout: the water, the streets, the traffic, the shopkeepers apart, that is, from some perfectly enormous spiders which visited our room in Shinjuku-daka Spa.

Information: Air Fares: Japan Airlines (071-408-1000) has daily flights from London Heathrow to Tokyo. The lowest PEX fare is £1,029 return and the full economy is £2,629.



Traditional houses abound outside Japan's cities

Mixed-up Mounties down Rotten Row

David Pilling and friends sample the nightlife in a black township outside Harare

I HAD not expected to see Canadian Mounties in the heart of Africa. It was certainly incongruous to see them in Mbare, not quite a slum but a rough-and-tumble black township straddled on the outskirts of Harare's high-rise central district.

The Mounties in question, all smart, spic-and-span young men, were visible thanks to the eccentric thinking of a tramp-like Zimbabwean who had invited me to peer through his child's slide viewer.

The viewer had been mounted on a metal rod, itself attached to a rickshaw built from a jumble of metal tubing, odd-sized wheels and plastic sheeting. My guide to Canada lounged inside the rickshaw, like a baby in a pram, while I sat facing him, my eyes pressed to the plastic lenses, on a low metal stool that he had somehow incorporated into his mobile cinema.

The old man, chuckling through his broken teeth, slowly turned the disk of seven slides with the utmost ceremony, revealing shots of red-jacketed Mounties in various ridiculous poses. He charged about 5p for his services, but it was hard to believe he could make a living this way, even

among the poor of Mbare who might be unable to afford the greater sophistications of the big screen.

Mbare used to be Harare Township. Before independence its inhabitants were not welcome downtown after dark without a valid reason. There are no such restrictions, though in practice central Harare is pretty dead at night, blacks and whites alike having grown accustomed to socialising in their own suburbs.

Mbare, known as a "high-density suburb", is connected to the central district of old-fashioned department stores, besuited gents and liveried waiters wielding silver trays by a street called Rotten Row.

Down Rotten Row everything becomes more frenzied. The streets are more bustling, the queues longer, the jokes funnier, the music louder, the smells more pungent, the pavements - when there are any - dirtier, the shops shabbier,

and the beer cheaper.

The beer is not only less expensive, it changes beyond all recognition. Gone are the dainty bottles of the central district. In Mbare you buy your beer in a white plastic bucket and it looks like dirty water squeezed from a window cleaner's rag. This is chibuku, a soupy concoction brewed from maize which is cheap enough to be imbibed in enormous quantities in the capital's beer halls.

All-day opening is a well-established tradition in Zimbabwe judging from the stadium-sized beer garden I found in Mbare one blue-eyed morning.

The garden, which I entered through an arch of almost religious grandeur, was scattered with wooden trestle tables and wrought-iron seats. At many of the tables young black men sat in groups, most in animated conversation, some in stupefied solitude. Of the hundreds of men and the handful of women

present, everyone, without exception, was drinking pails of chibuku.

There was quite an assortment of fellow drinkers: day-labourers who had not managed to find work that morning; respectable old gentlemen come to chat with friends; spivs in white t-shirts and

In Mbare you buy your beer in a white plastic bucket and it looks like dirty water squeezed from a window cleaner's rag

pressed suits with inch-thick bundles of US dollars; mad men who danced around on their own or lay on the floor, and young couples snatching time alone away from the prying eyes of parents.

I had come with Louis, a young South African from Soweto who was studying at Harare university. We went

into the covered bar area and ordered some bottles of Zambezi beer - I could not face a bucket - and listened to the music being pumped out of a flashing juke box. The wooden floorboards were in a perpetual state of vibration.

Zimbabwean music has gained an international reputa-

The big stars spend a lot of their time abroad now, but sometimes return for end-of-month festivals when Zimbabweans, at least those in work, celebrate pay-day with all-night binges called punques. The name derives from the rallies organised by guerrillas during the civil war.

Just outside the beer hall I met a young man whose first name was Clever. He was with a friend called Robert who had not been hampered with a name of such promise and, as is so often the way, had evidently benefited from the lack of pressure. Robert was a clever young man, while Clever, it has to be said, had not lived up to his parents' expectations.

What they both shared was a surprise that a western tourist should have come to Mbare. "There are much nicer places than this. Why would you come here?" asked Robert. "Yeah, yeah, yeah," said Clever.

It is true that Zimbabwe boasts much finer tourist attractions than Mbare. One could visit the Victoria Falls, bweans, at least those in work, celebrate pay-day with all-night binges called punques. The name derives from the rallies organised by guerrillas during the civil war.

The answer lies in Zimbabwe's peculiar historical legacy which has created a capital whose inhabitants live separate lives in their high or low-density suburbs. The low-density areas were the former white suburbs of large American-style houses set back from the winding roads in magnificent, spacious gardens. Residency in these districts is increasingly determined by wealth rather than colour, though some neighbourhoods have been slow to adjust.

The centre of town, exceptionally pleasant by day, is little more than a place to work and at night its wide boulevards are virtually deserted. People have so little emotional investment in their town cen-

tre that many have not bothered to learn the new street names which have been in constant flux since independence.

It is, therefore, in the former black townships such as Mbare that one comes closest to seeing Harare as it is experienced by the majority of the population. And it is in Mbare where one finds all that is sad and all that is wonderful about urban Africa: an intermingling of poverty, humour and resilience. For me, this will forever be distilled in the twinkling eyes of the inventor of the rickshaw-allday.

David Pilling travelled to Zimbabwe courtesy of Air Travel (071-739-2038), British Airways (London) Tel: 081-897-4000. Flies to Harare three times a week from London Heathrow. Apex fares range from £729 to £1,852 depending on season and must be booked at least 21 days in advance.

Air Zimbabwe (071-491-0000) runs a similar non-stop service from Gaiswick, Zambia. Airways, TAP Air Portugal, Kenya Airways, Ethiopian Airways and others. For further information, contact the Zimbabwe Tourist Office (071-628-3555).

TRAVEL

The sun shines on King Solomon

Michael Thompson-Noel finds himself surrounded by noisy children in Eilat

NEVER make snap judgments in the dark. When I arrived at King Solomon's Palace hotel in Eilat, the Red Sea resort at Israel's southern tip, it was late and dark and I was tired and dusty after a mind-blowing ride from Jerusalem via the Dead Sea.

At first I thought the place was mad. Everything was bright and noisy - astonishingly noisy - with so many groups of children running about that I assumed, in my tiredness, that the King Solomon's Palace was a hotel for children.

"Do they have their own room rates and arrive unaccompanied?" I asked one of the hotel's panjandirams.

"Of course not," she replied. "The hotel is 100 per cent full at present. It is very, very successful. Jewish people often break their holidays into long weekends, and they like to be surrounded by their families. This is a family hotel. It may be noisy at times, but it is the noise of happy families. What you need to do is relax. Try and unwind. Go with the flow."

The next day was beautiful and scorchingly hot. So was the second, and the third. It is often beautiful and hot in Eilat, which makes the resort an attractive winter sun destination for northern Europeans.

In 1990, British tourists accounted for a fifth of the total for Eilat, approximately 21,000, about 10 per cent, in turn, of total UK visitors to Israel last year. Israeli tourism was knocked sideways by the Gulf war but the country is hoping for 250,000 holidaying Britons once growth returns to normal.

In 1917, Eilat was just a few ramshackle huts, though it had been a flourishing ship-building centre and port in the time of Solomon, giving the Israelites access to trade with Arabia. Now it is a fun spot on the north shore of the Red Sea, squeezed between Jordan to the east and Egypt's Sinai desert to the south-west.

To the north is the Negev desert: not rolling sandscapes but harsh rockscapes which I did not greatly enjoy when bounced around them one morning on a four-hour "desert safari". You can cross into Egypt easily enough but cannot, I was told, visit Agaba, just across the Jordanian border, except via Egypt: an extremely tedious process.



Desert safaris or other entertainments are easy in the Negev

There are two main beaches in Eilat, and every sort of watersport. Underwater visibility is so good that Eilat is rated one of the world's most popular diving spots. There is an underwater observatory and a tourist submarine.

One thing to be on guard against is dehydration. In their useful handbook, *Essentially Israel* (publisher: Christopher Helm, London, £5.95), Carole and Chris Stewart

warn that in Eilat and in the Negev and Sinai deserts the dry heat can dehydrate you rapidly without your noticing it.

"Even if you don't feel thirsty, you must drink copious quantities of water or other soft drinks," they say. "The hospital in Eilat has to cope with hundreds of tourists each year who ignore the warnings."

After only a few hours I became extremely fond of the King Solomon's Palace, one of several hotels in Eilat operated by Isrotel, part of the UK's Lewis Trust Group. The food is first-rate, and the hotel is not crashingly noisy all the time.

(If you want peace, ask for a room well away from the pool, or a quieter hotel).

After a day or so I even got used to the bands of black-eyed, black-haired children rushing happily from one Snoopy disco competition to the next, or ordering platefuls of blue and green ice-cream, or throwing tantrums - rolling on the floor or leaving their siblings in the swimming pool. I became part of the scenery. I went with the flow.

Michael Thompson-Noel was a guest of Isrotel and flew with El Al. Apart from the King Solomon's Palace, Isrotel operates the Lagoon, the

Sport and the Riviera apartment-hotel, with the Royal Beach hotel (five-star, 380 rooms, directly on the beach, which the King Solomon's is not) opening next year. Hotels in Eilat are bookable via any ABTA travel agent. In London, Isrotel is at West World, West Gate, W5 1XP, tel: 081-897-6423.

Various UK operators run packages to Eilat, among them Thomson, Sunworld, Speedwing, Superstar, Longwood, Pullman, Pelicans, Pan Atlas and Travelink. Speedwing has a special brochure for Red Sea winter holidays: eg, from now until May 31 1992, seven nights b&b at King

Solomon's Palace cost from £369 per adult (£259 per child), including flights, etc, and 14 nights cost from £569 (children £299). The Christmas week (£759 and £529 for adult and child respectively), is by far the most expensive.

El Al has a number of London-Tel Aviv flights weekly from Heathrow and Manchester, about £300 return, and three direct flights to Eilat weekly from Heathrow, plus one from Manchester, around £369 return. London: tel: 071-437-2255. The Israeli government tourist office is at 18 Great Marlborough St, London W1, tel: 071-434-3651.

Magic carpet

Continued from front page but uninformed, is most likely to be bamboozled.

All is explained to me by Ali Osman, a man of principle. We sit for hours, shoeless on the carpet-strewn floor of the shop. He talks, I listen. Is he trying to induce a sale? Nothing in his manner suggests he is. Carpet traders, he wants me to understand, are not all men with bags of tricks, and business can still be what it much more often was in the past, a question of honour.

But, he says, it is just as well to know that the bag of tricks does exist. Some questions of slicker carpet salesmanship:

■ How do you get customers off the street and into your shop, away from the grasp of rivals? Answer: you put them under the obligation of friendship. Make gestures of oriental hospitality. It would be rude to refuse. Always have a sister working in their country. Offer tea.

■ How do you win your customers' confidence? You explain in detail the materials and processes of wool-dyeing, weaving and knot-tying. Make them feel they are dealing with a man who is willing to share his technical knowledge. Unroll and throw down with disdain a few cheap carpets and say they are not worth the sweat of an honest weaver's brow. Then get out the pieces you want to sell.

■ How do you maximise the value of a piece? Talk it up. The more you elaborate on a carpet's origins, design, colour, condition, age, aesthetic quality and the work required to produce it, the greater a pedigree you have provided for it. Let the buyer know its value.

And so it went, question and answer, all afternoon. As he explains, Ali Osman illustrates by unfurling carpet after carpet, magnificent intricate pieces of rich reds and blues that make my greedy, acquisitive heart crave them. But Ali Osman, his heavy moustache almost covering a smile, is not interested in selling me carpets. He offers only truth and guidance. He looks heavenward and shrugs; a carpet sale, as far as he is concerned, is a matter of *kismet*, destiny.

How, I ask you, could anyone not buy a carpet from a man of honour like this? Here, in the most devious business in the world, was a man who talked straight. Without further ado, without haggle, I met his asking price on a piece I particularly coveted. It sits on my floor today, proof, in the end, that Ali Osman is a very good carpet salesman indeed.

■ Nicholas Woodsworth's trip to Turkey was organised by the travel specialists Turkish Delight.

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the vessel sails from Cairo to Aswan. Price includes: air travel, half board in Cairo, full board on the Nile Rhapsody, transfers, excursions, entrance fees, services of Egyptologist and tour manager. Not included: tips, airport tax £12, visa, insurance £28. Upper Deck supplement £75.00 per person. Suite supplement £250.00 per person. All prices are per person and are subject to change.

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TRAVEL

Never mind the jellyfish, see the view

Paul Ham sails in the wake of Captain Cook when he visits the Whitsunday islands off eastern Australian

WE WERE on our honeymoon and Davo was explaining to my wife, Emma, how to pull up the sails of our newly chartered Farr B30, a 30-foot yacht which was to carry us around the Whitsunday Islands for the next seven days.

"Ya just yank on this sheet..." "Sheet?" Emma, asked. "Rope," I whispered.

"An' up she goes... ya see, an' ya laughin'." Davo was a short, beaming Australian in a yellow singlet, stubbles and sun-visor. He adored tourists, especially ones on honeymoon.

We were shown our cabin and Davo demonstrated the power of suction vested in the flushing mechanism of the hand-pumped toilet.

"Ya see? Ya laughin'..." Now 'ere, 'ere's the bed! A triangular space in the stern was revealed behind a little blue curtain. Davo's eyes rolled about like Groucho Marx's - the after-effect of flushing the toilet or an exaggeration of the coy expression with which the travel trade seems to welcome honeymooners.

We motored a little way offshore and set sail; Davo was waving madly from the wharf, the sound of laughing hanging in the hot Queensland air.

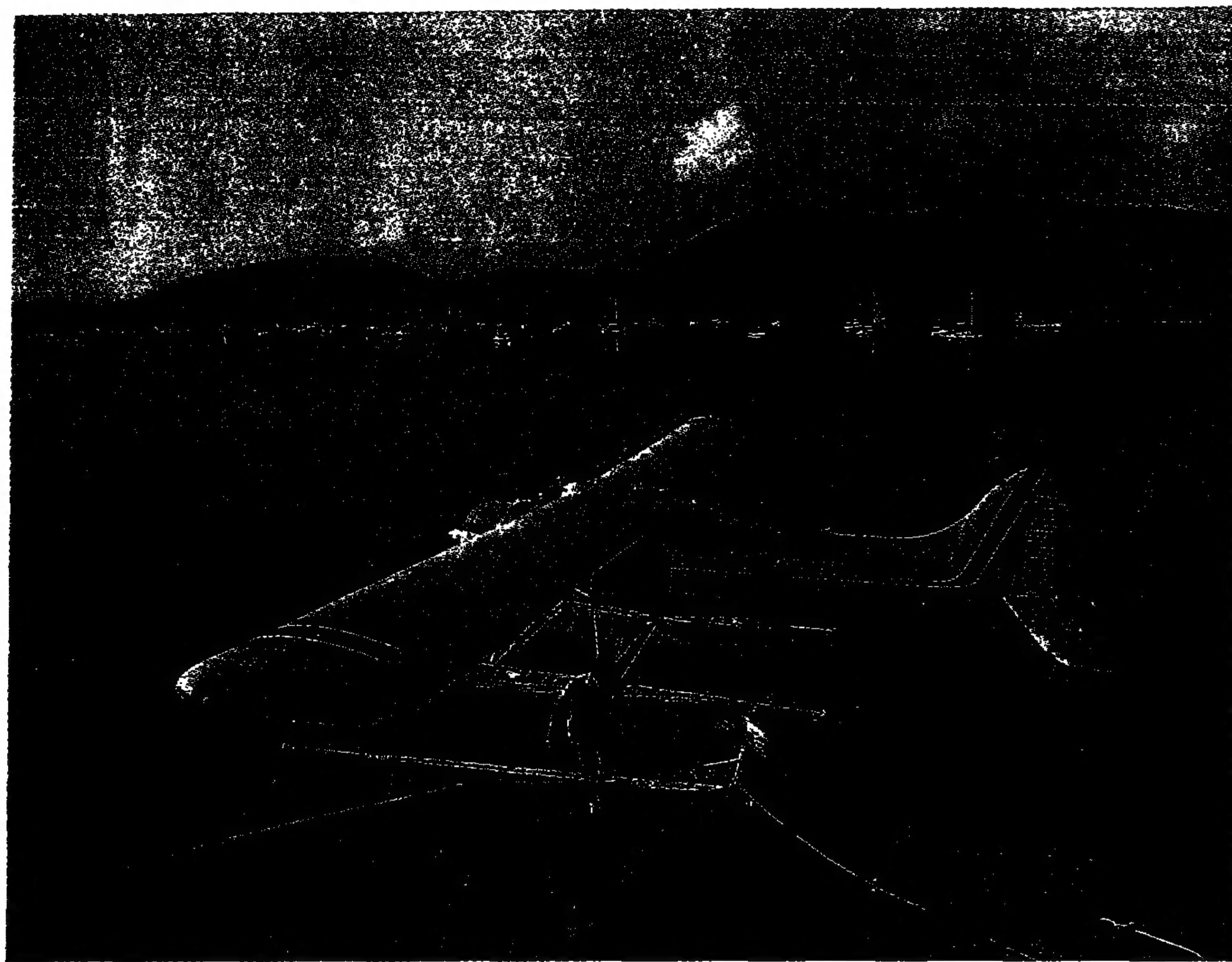
Twelve thousand years ago they were mountain tops, today the islands of the Whitsunday Passage wallow in the sea like giant hippopotamuses. Such is the wonder, the lazy beauty of these drowned mountains, it is easy to imagine they were set aside during the creation of the earth as a glimpse, for those lucky enough to visit them, of Paradise.

Captain James Cook recorded sighting them on Whit Sunday, 1770, a cluster of eucalyptus and pine covered islands set amid coral and blue water. The first secret to surviving the Whitsunday Passage is to have on hand a copy of 100 Magic Miles, a brilliant guide to the islands by David and Carolyn Collett.

Yachtsmen with the scarcest experience will feel at home among the reefs and narrow passages between the islands accompanied by a copy of the Colletts' guide to the coastline. Every bay, anchorage, rock and coral reef is displayed on a series of simple charts accompanied by advice about the best anchorages, the choppiest passages and the tidal patterns... as well as useful information on how to survive a cyclone (lash the yacht to mangroves at high tide, batten down and hope), what fish to avoid, how to treat jellyfish stings, blue-ringed octopus bites, and discourage tooth fish attacks.

The most difficult sections for yachtsmen are the narrow Solway and Fitzalan Passages, separating the main Hook Island from Hamilton Island to the south, especially so when the wind is blowing in the opposite direction to the tide. The opposing forces of wind and tide whip up frenzied white horses and violent little whirlpools - a sudden 180-degree spin round a Solway whirlpool will drain blood from the face of the most self-assured yachtsman.

It was on our second day, at 8am, that we experienced the radio (each crew on charter is obliged to radio the chartering company - in this



case, Australian Bareboat Charters - detailing their plans for the day). Farr Dinkum and Farr Out were heading up to Butter Bay, we learned; Farr Lapp and Farr were heading south to Hamilton Island (the main resort in the archipelago); Farr Thing hadn't a clue where it was going... "ABC, ABC, this is Farr Thing... no decision as yet... over."

I lazily opted for Gullnare Inlet. This was a wonderfully calm finger of water extending through Hook Island, its shores covered with eucalyptus and pine trees inhabited by huge white cockatoos.

Turtles, several of them, swam about the coral reef as we entered; porpoises escorted us through the mouth. In all the commotion I overlooked the perilous reef which extends two-thirds of the way across the mouth of Gullnare.

Soon on all sides appeared large black shadows - or "bommies" - enormous outcrops of coral which rise up like sea monsters on unsuspecting yachtsmen. The depth sounder changes in an instant from a safe 5-6 metres to a frightening 1-3 metres - you'll know when your keel grinds against the polyps, or so

I've heard. Ours was spared that fate.

On day three we wallowed, becalmed, off Hayman Island, so westward the motor, and soon rounded Alcyonaria Point and headed down the east side of Hook Island (now under sail) towards Whitehaven Beach, an incredible expanse of pure white sand extending a mile along the coast, untouched and uninhabited. We wallowed becalmed off Whitehaven Beach for two days.

Midway through the week I spotted bilge water bubbling up through the floorboards. "ABC, ABC, this is Farr Thing, Over."

"Yeah Farr Thing, gotta there, what's up, Over?" It was Davo. "ABC, it seems we have water on the floor, Over."

"Yeah, Farr Thing, no worries, these boats are designed to have a bit of water in them, good ballast. Ya laughin', Over."

"ABC, do they normally have three inches sloshing around the floor? Over."

"Er well, not normally, I s'pose. Taste it, Over." "Taste it? Over."

"Salt or fresh water, Farr Thing? Over." "Fresh. Over." "Yer not

sinkin' Farr Thing! Over'n'Out."

We started bailing. Emma used the sponge, I managed with an old yellow bucket. The yachts in general are well equipped, and reliable. Ours, it appeared, had leaking fresh water tanks. The level was rising.

"ABC, ABC, Over?"

"Yeah Farr Thing, reading ya? Over."

"I've unscrewed the fresh water tanks, there appears to be an unattached hose flailing about. Over."

"Yeah, reading ya on that one Farr Thing, ignore it. Come back to base if ya like, but I reckon the water'll stop rising once the level reaches the rim of the hole. Over."

"OK, we'll keep bailing for a while. It's a bit bloody irritating though. Incidentally, can we arrange a flight to the reef?"

"Farr Thing, this is seaplane X flying above you. Emma looked up - a tiny seaplane, sure enough, was circling about. "It'll cost \$300, we can pick you up tomorrow. Over."

"This is Farr Thing, that'll be fine." I nodded at Emma. "Over and Out."

The seaplane, a four-seater, could not fly. This was because we were too heavy; a trainee pilot, not normally present, was obliged to jump

overboard. The flight, 35 minutes of astonishing beauty from a rather frightening perspective, ends off the coast on the Great Barrier Reef. The world's largest living organism, made by polyps, stretches 2000 kilometres down the coast of Queensland, from Cape York to Fraser Island.

The pilot issued special coral shoes to avoid cutting ourselves on the coral. On the reef, you walk knee-deep over a living shelf of polyp exoskeletons surrounded by a dense array of marine life... here a giant green-striped clam, there a purple triton shell, here a school of dogfish, terrorising your ankles in a comical parody of the piranha.

Fronds of algae wave in the swell as a manta ray slopes off like an eagle flying in slow motion, while all around the Pacific Ocean slops disconsolately, streaked here and there with creamy masses of spawning polyps - the ensuing orgy after a full moon in early summer.

Every step revealed a community of creatures, and fishes, thousands of them, darting in perfect unison between your legs and around your waist. It is to be caressed in the very palm of nature.

As David Collett writes, the reef fishes have adopted some extraordinary habits. "The clown fish, or anemone fish, for example, lives with impunity among the poisonous tentacles of the anemone. Another, the little cleaner fish, swims boldly inside the mouths of larger fishes which permit him to do so because he rids them of parasites."

"As always, life throws up opportunists, and there is also a false cleaner fish, you can imagine the mischief he gets up to. (As the clown fish says, with friends like that, who needs anemones?)"

The Whitsunday Passage is inhabited by some frightening creatures, many of which go about their lives seemingly innocent of the lethal capability with which nature has endowed them. The little blue-ringed octopus, for example, the only octopus with a potentially lethal bite, seems reluctant to deliver it; only by picking it up and draping it over your shoulder is it likely to administer a dose of poison.

The infamous box jellyfish, the most poisonous jellyfish known to man, is seldom found beyond the waters of the mainland, and very rarely among the islands themselves. So named for its box-shaped head, the jellyfish drags a long train of deadly tentacles behind it. Stings by box jellyfish are extremely severe, some can cause death.

Look before you leap is the local advice, and, if swimming on the coast between March and April, wear a "stinger suit".

Be on the watch particularly for the sex organs, roe and skin of the puffer fish, which contain large concentrations of tetrodotoxin (TTX). Traces of TTX can produce a tingling sensation around the mouth and lips, but a large dose results in numbness of the tongue, followed by slurred speech and muscle paralysis.

Death results in 60 per cent of cases but has not discouraged the Japanese from playing a game of culinary Russian roulette with the puffer fish. Fugu, as the preparation of puffer fish is called in Japan, is sliced very finely and served in bright floral patterns. The sense of danger adds to the experience, say the Japanese.

At the risk of terrifying the prospective bareboat sailor, cases of severe bites or stings from dangerous creatures in northern Queensland are extremely rare - the drive up the coast from Brisbane is, in percentage terms, far more dangerous. The whole area is served by sea plane, and well-prepared for bites and stings.

But the Whitsunday Passage overcompensates for the remote threat of being stung by jellyfish. Its languid, unspoiled beauty seems to embody the very notion of "peace of mind". Only see it by yacht - we did not sink.

Information: To organise a bareboat yachting holiday from the UK, contact: Marina Yacht Charter Services, 188 Northdown Road, Cliftonville, Kent CT9 2QN England. Tel: 0843-227140; Fax: 0843-228784; Australian Bareboat Charters, Shute Harbour, Queensland. Tel: 07-4651-1111. 100 Magic Miles is available from Windward Publications, RMB 206 Woodhill Mountain Road, Woodhill Mountain, Berry, NSW 2535.

Cheery sailors sought

BLAME THE television coverage of the Whitbread round the world yacht race if you wish. Those vivid pictures of 80-foot yachts surfing downwind in the southern ocean were siren images to anyone trapped in a workaday routine. Yet it would have been a brave travel pundit who predicted a niche industry springing up to offer round-the-world yachting/racing holidays.

How many people would spend close to £20,000 to be covered in salt water for a year, work shatteringly hard and live in conditions approximating to those of a well-appointed Tube train? Answer: dozens. That is what Tony Allen found when he began to market such a circumnavigation aboard the maxi-yacht *Creightons Naturally*.

"It sounds like a lot of money, but people seem to view it as a sort of retirement project taken while they are still young and fit," says Allen, 35, a former solicitor. He gave up the law four years ago.

With colleague John Chittenden, a master mariner, they mortgaged their homes to buy *Creightons* - a maxi-yacht now in the "classic-car" bracket. With an amateur crew, Allen and Chittenden raced in the 1989-90 Whitbread, winning the cruising class.

Chittenden is now back on the bridge of a tanker. However, next year he will skipper one of 10 identical 67-ft yachts in the British Steel Challenge, a pay-as-you-play adventure holiday dreamt up by the incorrigible Chay Rhyth. Each boat will be manned by 12 crew volunteers who will each have paid £14,850 for their voyage - an eight-month race around the world calling at Rio de Janeiro, Hobart and Mauritius.

As soon as Rhyth announced the project he was inundated with inquiries, many accompanied by blank deposit cheques. "They're not sailing fanatics. They just want a genuine adventure, organised, safely and competently," said Rhyth, who sailed the same route alone aboard the first *British Steel* 19 years ago.

Creightons is not racing, of course. She will punctuate the weeks at sea with visits to the places cellular phones never reached: the Cape Verde islands, Tristan da Cunha, the Kerguelens, Pitcairn, Fanning and other landfalls not normally found in the charter brochures.

In some respects it will be an inner voyage for the crew. Allen quotes from the writings of mountaineer-sailor H W Tilman when choosing companions for a trip to the southern ocean: "All must be of cheerful equable temper, long-suffering, patient in adversity, tolerant of the whims and uncouth manners and habits of others, neat and cleanly, adaptable, unselfish, loyal, in fact, possessed of most of the qualities in which the majority of men, including myself, are notably deficient."

With the knowledge and insight gained from three years running the Whitbread project, Allen believes that day-to-day enjoyment is as vital as any sense of "achievement". "Usually only noticeable when one is back in an armchair."

"The primary aim is that all those who participate should enjoy the venture as it progresses, not simply in hindsight," he says.

Creightons left the Pool of London seven weeks ago for a voyage to Cape Town that included stopovers at such outposts as the Azores, Madeira, and the Azores, and packed with bird life.

Once round La Coruna, the north-west tip of Spain, the yacht hoped to enjoy relaxed downwind sailing all the way to South Africa. Then Australia and South America beckoned. At £2,500 for 14 weeks (leg one) it sounds like a bargain. *Creightons* has one or two berths left for each of her five legs, but they have been going like ships' biscuits in a famine. (The food aboard *Creightons* is superb; "befitting" one of the world's few racing yachts that can seat the entire crew around a mahogany table for dinner.)

Chay Rhyth's 120 paying customers are all in place, although with nearly a year until the Off, there are bound to be drop-outs, and the British Steel Challenge is still accepting people for its waiting list.

"The only thing I regret about the way we've set this up is that there are only 14 boats," groaned Rhyth. "The public response has been unbelievable. We already have a team working on a new race for 1993-1994."

Contacts: British Steel Challenge, Humans House, 12 London Road, Petersfield, Hampshire, GU31 4BE, tel: 0730-60000, fax: 0730-60090, *Creightons Naturally*, 15 Aldford Road, London SW11 6NS, tel: 071-350-6880, fax: 071-324-6291.

Keith Wheatley

A jewel of a yacht cruise

ANYONE aspiring to find a new contribution to the lexicon of great maritime achievements should read this article at once. A circumnavigation of Minorca frankly must be described as no big deal. The distance is under 100 sea miles. Moreover, the navigation can be accomplished by simply counting the lighthouses and making sure they remain on your port side (if you are going anti-clockwise round the island, as we were).

But as a yacht cruise it will remain in my mind as a little jewel. There are so many enchanting towns and villages, so many fine anchorages, and so many tiny bays where a yacht can anchor and the gallant crew swim safely in some of the cleanest and clearest water in the Mediterranean.

The adventure started in Majorca. From Majorca's east coast the low-lying, smaller, Minorca to the east is not visible which is, of course, tantalising. The four of us on board a Swedish-built cruising yacht called *Selangor*, 38-feet overall, fell victims to that stern that tempts sailors: an urge to explore beyond the horizon.

As the yacht bounced across a bolsterous sea, steering due east and making seven knots with a good wind blowing down from the Gulf of Lyons I was thinking how islanders' attitudes have been affected by their eternal occupation of looking out to sea.

Majorcans know the smaller island is out there. But they never see it: "Out of sight, out of mind. Nothing to do with us."

Minorcans, on the other hand, can usually see the high, brooding mountain peaks of Majorca. They are not allowed to forget the presence of their bigger neighbour. Perhaps this helps explain why the islands have different styles of doing things, and even took opposite sides in the Civil War.

The greatest satisfaction

yacht cruising has to offer is to arrive safely and in good order in a strange port.

Any navigator who seeks this "single factor" must endeavour to enter Port Mahon once in a lifetime.

A fault between ancient rocks forming the north side of the island and the younger rocks on the south side of the island forms a deep notch in the coastline and creates the best natural harbour in the western Mediterranean.

This explains why the Turks, the British, the French, the Spanish, and the Dutch, spent several hundred busy years blasting each others' ships with cannon, and landing armies on the spears of an island - only 27 miles by 9 miles - to wrest temporary possession.

The British ruled the island for three periods between 1708 and 1802. On the evening we arrived a British frigate equipped with guided missiles lay alongside the main quay. But the strategy of naval warfare has changed since Lord

**Intrepid sea salt
Roy Hodson
circumnavigates
Minorca**

Nelson sailed these waters. This was nothing more alarming than a courtesy visit. Nevertheless, it was alarming. With bands playing, British sailors ranting and roaring, women squealing, it sounded like another invasion. So we pointed *Selangor* back down the harbour to find a quiet anchorage for the night.

Behind an island covered with massive fortifications we found peace in three fathoms. Across the water was Es Castell, the most easterly of all Spanish towns. Now a holiday resort, it was built by British engineers and called George-



town in honour of King George III.

The British left many legacies in Minorca. I will mention just three. First and foremost is gin. While abuse of this spirit caused it to be banned for a while in England by the Gin Act of 1753, the medicinal virtues of the juniper berry continued to be much appreciated by the soldiers and sailors on Minorca.

The gin distillery still flourishes and it is the most popular local tipple. Perhaps in an attempt to balance the profane with the sacred a gigantic church organ with four keyboards was shipped out by the British Navy and installed in the church of Santa Maria, Port Mahon.

The safe transportation of the great organ seems to have preoccupied the admirals concerned as a test of seamanship as it was carried in a warship under sail through the Bay of Biscay and across the western Mediterranean.

To my mind the best thing the British ever did for the island was to move the capital from the old city of Ciudadela to the busy Port Mahon at the other end of the island, thus

rescuing Ciudadela from the corrupting influences of commerce, administration, and military might.

To discover Ciudadela is to raise your rating of Minorca by several notches at once. It is a town built in stone that glows like old gold in some lights. Its small palaces clustered round the cathedral are a legacy of days when Minorca was the stepping stone on the route between Spain and the East.

The fine cathedral was built on the site of a former mosque, a reminder that Minorca was under Arab rule for nearly 400 years. As a harbour for yachts Ciudadela has serious deficiencies however.

The port is a narrow inlet, a cleft in the rocks, with the boats crammed along the sides like so many sardines. In certain weather conditions the sea sloshes in and out like agitated bathwater.

Neptune enjoyed a particularly playful bath night some years ago and the water surged out of the harbour completely leaving the boats high and dry. As it surged back in most of them were wrecked. Cautious yachtsmen please note that this is a very rare occurrence.

Buoyant in recession

IN THE not-so-distant past the phrase "chartering a yacht" sat on a par with "quails' eggs and champagne". It was distinctly not a part of everyday, salary-earning life.

Flotilla sailing was the biggest single factor in changing attitudes. Not everyone wanted to sail around en masse but it opened up the concept of renting a boat somewhere sunny.

Probably the next biggest push to charter holidays has been the past two years of recession. Those with salt in their veins are determined to get abroad for at least a few weeks a year but may not feel anywhere near optimistic enough to commit themselves to buying a boat and paying anything up to £4,000 a year for a south coast marina berth.

The International Charter Centre at Hamble Point Marina acts as agent for a number of international bareboat (without skipper or crew) fleets.

"Generally 1991 has been a difficult year in the marine industry but the Mediterranean charter business has remained remarkably buoyant," commented ICC proprietor Jane Stowbridge.

"Our turnover is up by 25 per cent on 1990. I think the high marina charges in the UK and a general reluctance by yachtsmen to commit themselves to buying a boat in the present climate have all contributed to the growth."

Regular clients were cutting back to one week rather than two or taking a smaller boat, observed Stowbridge. "But if you love sailing and don't own your own boat, chartering is the only option," she said.

"Most of our customers couldn't bear to spend their holidays on a coach tour or a beach."

Simply to be on the water and sailing is hardly enough any longer. As with skiing, the market has become considerably more demanding and specialised in the last few years. Some companies will handle only one type of yacht, while another will focus entirely on taking clients far away.

One of the most interesting examples of the former approach is run by the Finnish company Nautor.

Its Swan range of yachts has long been the marque that cruising sailors aspire to owning. Now they have the option of settling for just two weeks or ownership.

Swan Charters, based in St Martin, one of the French Leeward Islands, east of Puerto Rico, is a wholly-owned subsidiary of the Finnish parent. Whereas the factory is close to the Arctic Circle, St Martin is famed by the north-east trades and sea and air temperatures are equal at an average 81°F.

All the yachts based in Anse Marcel harbour have crossed oceans to be there but show no

signs of wear and tear. "We have the best products and the best equipment," says Jeff Garcia, who has been running the base for five years.

"Swans have an amazing ability to shoulder aside the roughest conditions, a legacy of their Baltic breeding, and the Caribbean is no mill pond," he added.

Their ability to eat up sea miles could take in a typical week's itinerary of St Martin to St Barts, perhaps to St Kitts and Nevis with a short stop at Saba, then Anguilla before the return passage.

If it all sounds too hedonistic for a family that wants to put in some time before the mast, how should one assess the holiday "street-cred" of a bareboat charter out of Tallinn, capital of Estonia?

The archipelago around the ancient Hansa city is said to match, although less crowded, than the islands surrounding Stockholm. Top Sail bought two Western yachts from Britain last year and they are based at the Tallinn Olym-

pic Yachting Centre.

The two-week charter suggested by Top Sail executive Inna Ormets takes a route to St Petersburg via Kotka on the Finnish coast. The distance is 350 miles and gives the chance to arrive in Europe's most spectacular city in a way that tourists could never have imagined.

Inna suggests that anyone with a yen to explore the unspoiled villages and ports along the Estonian coast hires a bicycle from Top Sail and takes it as deck cargo. "There is wonderful wildlife and some quaint folk customs carrying an air of history and traditions of the ancestors," she added.

As any visitor to the Soviet Union will testify, the possibilities of how one pays for goods, in what currency and how are virtually endless. Suffice it to say that virtualising the ship and a couple of good runs ashore should cost a very great deal less than comparable trips out of the Swedish or Finnish charter bases.

According to Top Sail, now in its third year of operation, the summer weather should suit those who find the Mediterranean or Caribbean a touch de trop. July and August averages are 16°C with an average windspeed of 12 knots. Gales are as rare as elected Communist leaders.

The cruising grounds of Yugoslavia's breathtaking Dalmatian coast, fall squarely within the wrecked state of Croatia. Companies such as Sunall and Sundown with long experience operating in this area have considerable fleets of nearly new boats at risk and are just as anxious as Lord Carrington to see peace return to ports such as Split.

The value offered by a weak dinar was just beginning to make Yugoslavians sailing an increasingly popular alternative to the more fashionable neighbourhood Greece when civil war struck. The downturn may take years from which to recover but, in the meantime, the charter industry elsewhere is alive, well and - in some cases - enjoying the recession.

**Yachtsmen are
determined to
stay afloat, says
Keith Wheatley**

TRAVEL

The adventures of the Three Caballeros

David Scott sets out to cross Poland, Hungary and Czechoslovakia on his bicycle... and conquers them all

WE MET on an August day at Hudson's Place near Victoria Station, in central London. More than 100 cyclists had gathered there for the beginning of the East European Tour, a cycling holiday organised by Bike Events Ltd. We were to ride 800 miles from Cracow in Poland to Budapest in Hungary crossing, en route, the Tatra mountains that straddle the Czech-Poland border.

We removed the pedals from our bikes and turned the handlebars inward before loading them on to two vans. They were to be driven through the night and the following day to Cracow while we flew on ahead.

Departure was slightly delayed by the late arrival of Will, who turned out to be a saxophonist and the fourth member of the Three Caballeros. The musicians were to cycle with the party during the day and to play in the evenings.

Cracow, an old university town, was once Poland's capital, home of the monarchy and a treasure house of art and architecture. Many of its medieval buildings still stand, and the city remains beautiful. My immediate impressions were: clean streets, little traffic, the smell of cheap tobacco, the sound of Gregorian chant, pretty girls in poor quality, tarty clothes and a street vendor carbonating glasses of plum cordial and water from a big gas cylinder.

After a speech from the mayor and a song from the Three Caballeros, we were guided out of Cracow by a police escort. Couriers from Bike Events, together with our luggage and camping equipment, went ahead in one of the vans to that night's stopping place, while a cycle mechanic and a nurse followed in separate vehicles.

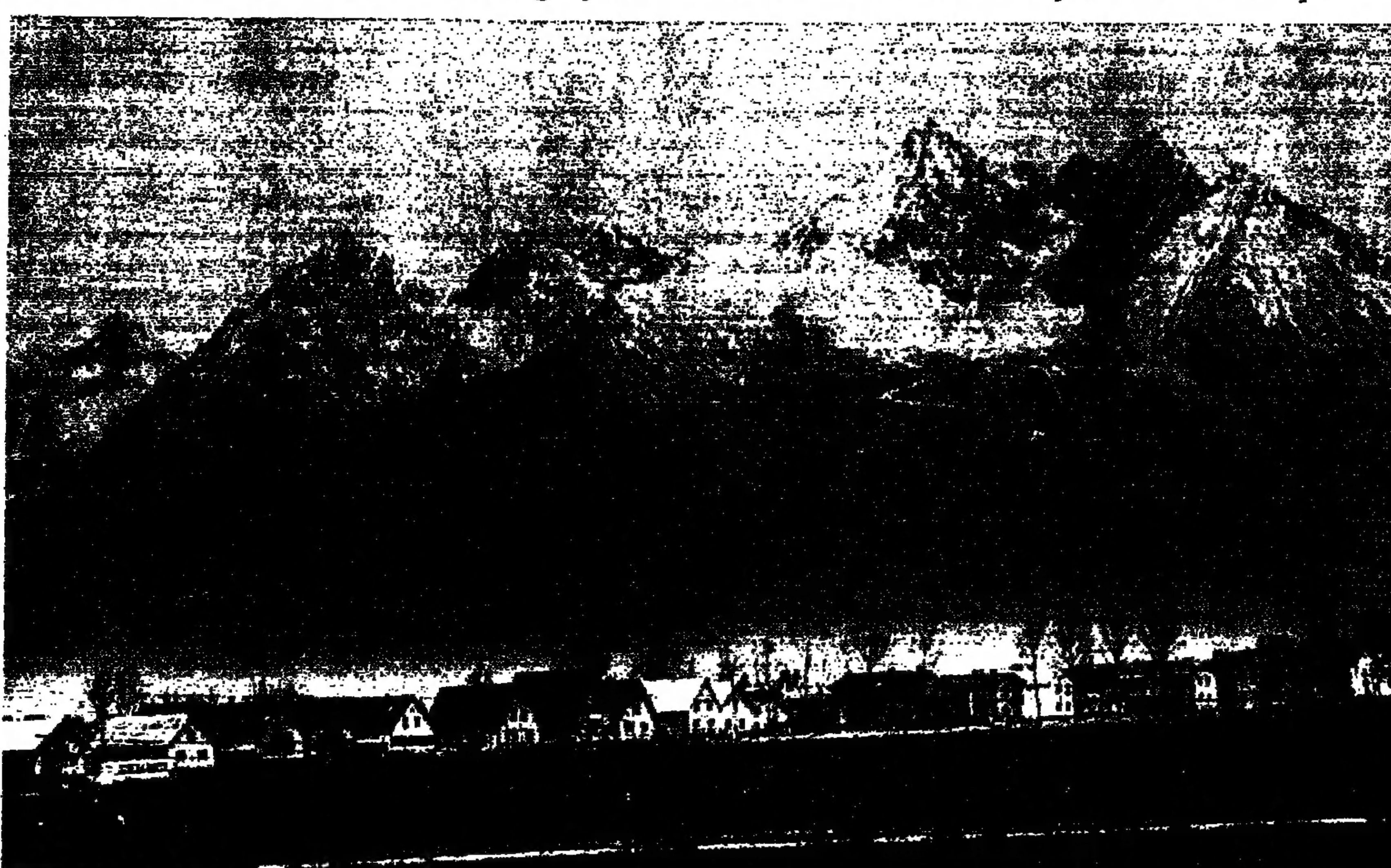
We cycled westwards along back roads, following the clearly detailed route sheets and maps we had been given, and finally through the forest of Niepolno to that night's campsite near the small town of Cechow, 50 miles from Cracow.

During the day our large party of assorted cyclists had spread out along the route and, depending as much on inclination as cycling ability, some arrived early while others turned up just in time to pitch their tents before dinner.

We ate at a local state-run restaurant. They managed us very well. The large, fresh-faced waitresses wore smart black tunics with white starched aprons. They served us a substantial meal with a style and speed that surprised me. This quality of service was repeated at each stop, even when we ate at a factory canteen in Czechoslovakia.

By the end of Day Three we had reached Zakopane, a popular alpine skiing and climbing centre in the foothills of the Tatra mountains. After dark the bars, ice-cream parlours (Polish ice-cream is very good) and traffic-free shopping streets were thronged with people, but there were few streetlights and the semi-darkness, combined with a Dickensian smell of poor-quality coal smoke, was at odds with the holiday atmosphere.

Next day, in sharp morning sunlight, we climbed 10 miles into the mountains before coasting down through woods and isolated valleys to a quiet customs post on the Czech border. Despite the opening up of eastern Europe there has been no relaxation in the draconian visa regulations, and we collected together at the border to go through as a group in the hope of reducing delays.



The high Tatras are the only truly alpine mountains in Czechoslovakia: an area of gorges, ravines and dozens of peaks of more than 8,000m

The customs guards were humourous and thorough but Bike Event had hired the services of a local interpreter and she helped smooth our way and we crossed into Slovakia, in northern Czechoslovakia.

In Poland, all the farms we passed were smallholdings - a few acres of wheat or barley and one or two cows and a pig. Horses and carts were more common than tractors. In Czechoslovakia, the landscape changed dramatically. Co-operatively-owned grain fields undivided by hedges or fences stretched into the distance. Combine harvesters, silhouetted on the horizon as if in parody of a "Workers Unite!" poster, collected the crops.

There were other obvious differences.

Village shops were better stocked, houses better maintained and the population visibly more prosperous. However, as in Poland, indifference was a common response from people we came into contact with in bars and cafes or passed on the road. There was an apparent lack of human vitality on both sides of the border. Fortunately this was more than compensated for by the energy and esprit de corps of fellow cyclists.

We camped that night near the medieval hillside town of Levoca, founded in the 13th century as a barrier to Mongol incursions. It remains unspoiled except for a satellite estate of shabby, multi-storey apartment blocks.

The atmosphere at the evening campsite was by now beginning to buzz. New friendships, one or two budding romances, the camaraderie of a shared adventure, a growing self-esteem among those of us who thought we wouldn't manage the pace - plus very cheap beer - all contributed to our sense of well being. Some were feeling the strain but for those who wanted a day off there were spaces in the back-up vehicles for bikes and passengers.

By now we were cycling in the granite massifs of the high Tatras (Vysoké Tatry), the only truly alpine mountains in Czechoslovakia: an area of gorges, ravines and dozens of peaks over 8,000ft (2,500m). The winding road rose steeply in stages along

tree-shaded hills, usually flattening out at an open summit before falling into a sunlit valley and climbing again. Cyclists on mountain and touring bikes with very low gears were able to climb the hills slowly but almost effortlessly. I had a relatively high-geared sports bike and bravely joined a peloton (French: "posse") of cyclists, each of us taking turns to stand on the pedals, pump the legs and lead the pack up a hill before crouching once again to glide down the other side.

On the seventh day we crossed into Hungary. The guards were friendly, people seemed to smile more, the occasional official spoke English and the fruit shops sold my favourite stamula food, bananas. Hungary was not as astonishingly cheap as Poland and Czechoslovakia but it was still embarrassingly difficult to spend more than a few pounds a day.

We rode through Lipizzane, famous for its stud farms, before cycling up to the flat summit of the Bukk Nemzeti national park, an area of beech tree forests, deep caves, underwater caverns and one or two pretty spa villages. The Bukk mountains cover a relatively small area and stand out from the Hungarian plains like a jagged wart. We quickly crossed them and sped down into Eger, a baroque city full of historic buildings but nowadays better known for Bull's Blood, the region's potent wine.

I found that afternoon's cycling tiring. It was hot and the roads were poor and, in parts, unpaved. The campsite had chalets to let and for a treat I booked into one. Clean sheets on the bed, hot showers and a clean toilet. Bliss for 12 a night.

We passed over the Matra plateau, a region rich in history, before reaching, on the last day, the Great Plain of Hungary. From here it was a long but flat ride to the banks of the Danube outside Budapest. We crossed the river by ferry and camped that night near Szentendre, an old town popular with tourists for its crafts and the folklore traditions it maintains.

Before a celebratory dinner at a local hotel we loaded our bikes onto the vans and that night two sets of drivers started the journey back to London. The following day was spent in Budapest before an overnight train ride back to Cracow and the plane home. We collected our bikes again at Hudson's Place. It had been a demanding but worthwhile adventure.

The complex arrangements for the trip were well managed by Bike Events and there was space in the programme for individual choices and flexibility. The company offers a full range of biking holidays: eg, a week in Ireland, off-season, £210; two weeks' biking in China, £1,200 (flights extra). Details: Bike Events, PO Box 75, Bath, Avon BA1 1BX, tel: 0225-480130, fax: 0225-480132.

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It's all downhill for China's ski hopefuls

Angus Foster sees a dynasty in the making



soya bean before the next frost. There are towns of more than 1m people unheard of outside China. The original population of Manchus and hunting tribes like the Oroqen and Hezhe have long since been outnumbered and assimilated by the Chinese, who fled from famine and warlords at the start of the century.

At China Travel Service, my skiing plans were quickly rubbished. Apparently, I had two choices: Taoshan, about 11 hours away by train, or Zhalu, about six. Were there any lifts? Oh no, you have to walk.

I did not really come to China to ski. I came to look at the impressive ice festival in Harbin; to follow the steps of the Manchus leaders Nurhaci and Emperor Taiji, founders of China's last dynasty, the Qing; and to sense the echoes of the Russian and Russian colonialism in the cities of Dalian and Lushun, the former Port Arthur. But finding myself there, it would have been childish not to.

"What about Yabuli?" I asked. The eager band of travel assistants had been joined by an older man who turned out to be in charge of train tickets. A couple of local phone calls later and yes, I was told there was a ski lift at Yabuli. But the Chinese skiing championships were underway and it was unclear if I could ski without permission. I asked the train man about connections to Yabuli. "I don't know," he replied.

Yabuli is a tiny hamlet. There is nothing - no mountains, no snow, no hotels. The excitement and preoccupation built up during the four-hour train journey vanished in seconds. Just as quickly, however, a group of

former gymnasts from the southern city of Guangzhou asked me if I wanted a ride to the ski fields. I accepted, and our bus careered through the tundra, scattering mule carts and oxen. After an hour we arrived at China's answer to Gstaad and St Anton, the Yabuli International ski resort.

My friends from Guangzhou were obviously expected and were greeted with uncharacteristic Chinese flourish. Two young Chinese girls in purple uniforms and welcome sashes bowed low as they entered. But every-

thing stopped when I showed my face. The manager was sent for. He refused to speak to me. His reticence was not impolite. It turned out that Yabuli International ski resort had just acquired its first translator, a Miss Zhang, fresh from middle school. Although her English was far worse than my Chinese, all negotiations had to be conducted through her. Sensing the tenuous nature of my position, I played the dumb foreigner.

After much sighing and soul searching on the part of the manager, and much sheepish grinning by me, it was agreed I could stay two nights. But my problems were not over.

Hiring skis the next morning required every ounce of diplomacy I could muster. There were six sets of skis on offer, none looking like they had been used this century. The bindings were lethal, often with screws missing. I had brought my own boots and after selecting a pair of only reasonably unsafe skis, started to adjust them.

"Oh, no. Adjustments have to be done by the ski expert," said the manager. "I'm a 'skistant' talking. While he could help select skis, he could not adjust them."

I am naturally cautious about "experts" in China. My fears were confirmed when the "expert" appeared with a large hammer. He was clearly not a ski expert. A set of skis in his hand. I dared not interrupt in case I challenged his expertise, but I had to stop him when he started putting on a binding back to front.

Yabuli does have a ski lift. The problem is that it takes an hour's uphill yomp to get there. A single

chair lift shudders up the mountain. From the top it is no more than a gentle five-minute ski down across heavy ice.

My appearance on the mountain caused considerable disquiet among a group of officials preparing their progress for the afternoon's competition. Perhaps they thought I was a Russian invader come to belittle the efforts of the Chinese ski team.

"Are you competing this afternoon," one asked nonchalantly. There was relieved laughter when I said I was not. They need not have worried. My cover was blown once I started retracing my three years' unpractised steps on skis.

By the time of the competition I was bored and sat down in the sun to watch. Because there is no labour shortage in China, the downhill course was marked not by flags but by people, known as "course marker officials." Luckily for them, blue and red flags were preferred for the skiers.

The skiers were good and seemed unperturbed by the extremely icy conditions. Their task was made no easier by the "course preparation officials," in charge of smoothing out the piste. They were taking every chance to thunder down the course on their skis, etching a sinister black line in the snow and providing a potentially fatal obstacle for any approaching downhiller. No-one seemed to mind.

Why is China investing resources in skiing? Obviously there are military applications. Most of the country's borders are marked by high mountains and tundra. But a more intriguing possibility was provided by the slogan flapping in the wind above the Yabuli International ski resort. "Today a winter games medal, tomorrow, striving for glory in the Olympics!"

Information: Air Fares: British Airways (tel: 071-897-4000) has a weekly flight from London Heathrow to Peking. The APEX fare is £988 and the full economy £2130. The visa department of the Chinese Embassy is on 071-636-1835.

from £53 to £122, while those at the Hotels Cheyenne (already popular with those Britons who have reserved rooms) and Santa Fe (probably the ugliest hotel in the country) are priced from £61 to £88 a night.

What makes such prices more acceptable is that Disney has imported the US system of paying for the room rather than number of occupants: thus all rooms can accommodate two adults and two children for the same price.

Although individuals can book these rooms direct, Euro Disney has linked with a number of "preferred" suppliers. P & O European Ferries, for example, will operate the "official" ferry route which is expected to account for eight out of every ten Disney-bound travellers until the Channel Tunnel opens in 1993.

A highway to Heaven

FANATICAL skiers dream there will be endless off-piste in Heaven. One's first sighting of the French resort of Le Grange is like a glimpse of what it might look like.

I first saw this remarkable skiing area while driving over the breathtaking Col de Lautaret, en route from the Dauphine ski resort of Les Deux Alpes to Serre Chevalier. As you negotiate the narrow street through the ancient rustic dwellings, you are suddenly aware of an astonishing sight.

Towering above you are spectacular steep snowfields. What makes your spine tingle, however, is that hovering in the craggy heights is a necklace of bubble-cars, like a heavenly transportation system for the final ascent into the next world. What are they for? Surely they cannot be for skiers?

You are right - they were built for climbers intent on the spectacular "Haute Romanche" mountains and perhaps even scaling the mighty Meije (3,808 ft), so difficult that it refused to surrender even to Edward Whymper, the first man to climb the Matterhorn. When it was conquered in 1867, it was the last of the major Alpine peaks to be climbed.

Now skiers have invaded the climbers' territory. There are no piste grooming machines, no piste and no ski school, just a Syndicat des Guides. The only hint of ski lifts apart from the bubble cars is a handful of drag lifts right

at the top of the area. This turns out to be a link with the "outside world" of Les Deux Alpes, the sprawling ski resort on the other side of La Meije. A 20-minute walk between the two lifts detours the hot-potato from Les Deux Alpes swarming into a ski area which they would probably have difficulty coming with. Only good skiers will want to persevere.

Below is a glorious 7,053 vertical foot drop to the village - unspoiled, unmarked and largely untouched. It is an extraordinary, chillingly beautiful and desolate glacial wilderness. Huge glaciers and moraine fields stare at you as you ski. Seracs - jagged ice sculptures - give the terrain an almost alien beauty.

The slopes are gruelling, but not as steep as they appear from the road. The snow is unbreakable - from the breakable crust to the lightest of powder. Your knees ache but your heart sings. There is only one way to ski La Grave - you must abandon yourself to her. But take a guide to keep you safe and sane. Skiing alone in such a powerful, empty place would not only be dangerous - it could just blow your mind.

Fresh Tracks, McMillan House, Cheam Common Road, Worcester Park, Surrey, KT4 8RE (081-335-3000) offers guided weekends (three days skiing) in Le Grange from £239. Prices include scheduled flights, half board and the guide, Philippe Andre, who is head of the local guides.

Arnold Wilson

unwilling to pay the cost of staying in a Disney hotel. Thomson Holidays, Britain's biggest operator to Paris, says that its research shows the most Britons want to combine a Euro Disney holiday with a short stay in Paris to visit attractions such as the Eiffel Tower or the Louvre.

It is offering four-night packages to see both the Parisian sites and Euro Disney starting at £385 per person next spring in a three-star hotel.

Other operators, such as Page & Moy, have put together Euro Disney packages based on customers staying at a Novotel hotel outside the theme park site at nearby Marne-la-Vallee.

The clear message is if you are planning a trip to Euro Disney is that it will not be as cheap during the main holiday times as many may have thought. But problems with filling hotels and the theme park during the off-seasons (winter and autumn) should bring prices tumbling for families determined to join in the fun.

Information: Hotel reservations for Euro Disney: 010-33-1-4941-4910.

Travel Business

Almost time to sprinkle magic pixie dust

David Churchill looks at what Euro Disney has in store when it opens its gates next year

WHEN Euro Disney officially opens its gates at 9.01 am on Sunday April 12 next year the theme park should, in spite of lingering uncertainties about the clash of American and French cultures, rapidly become Europe's largest single tourist attraction, with 11m visitors expected in the first year.

Already bookings from the UK are well ahead of target - and those from other countries - because of the determination of British tour operators and travel agents to sell holiday packages based around the theme park located 32 kilometres east of Paris.

Paris Travel Service, one of the officially-sanctioned Euro Disney tour operators, says it has already sold 12,000 holiday packages for the theme park, significantly more than it had expected by this stage given that the main promotional push will not start until the New Year.

Moreover, all of Disney's 5,200 hotel rooms on site have been sold for the first few days after the park's opening.

Although Disney may be beginning to be slightly jittery about the prospects for the park, given the impact of the recession

which has cut visitor numbers at its Florida and California parks by an estimated 20 per cent, it says that the theme park outside Paris is still on target to open on time and within budget.

Last weekend Disney unveiled the park's centrepiece - the Chateau de la Belle au Bois Dormant, or Sleeping Beauty's Castle in the parlance of Disney's American executives (who bemused their hosts at the unveiling ceremony with their stilted French).

Still under construction but expected to be on offer when the park officially opens will be 29 attractions, six themed hotels, an entertainment centre, and a championship golf course.

The park is broadly similar to Disneyland in Los Angeles or the Magic Kingdom (part of Walt Disney World) in Florida, although

with fewer attractions initially than at either park (Disneyland has more than 50) and with the drawback of climate.

The magic pixie dust that makes Disney so successful in the sunshine states of California and Florida seems less entrancing under grey French skies.

Britons keen to meet Mickey Mouse and friends have several options when organising their travel plans.

Basically, the choice is whether to stay on the Euro Disney site, lodge at a non-Disney hotel close to the theme park, or stay in Paris and commute (which can take up to an hour by road, although should be faster when the new RER line to the theme park is opened next April).

Although it is just about possible to visit Euro Disney in a day by flying to Paris - Disney estimates

door-to-door flight time from London, Manchester and Dublin at four hours and 15 minutes - most visitors would find such a schedule too punishing, especially if there are queues at any of the rides.

By car the journey time is estimated at six hours and 15 minutes from London - nine hours from Manchester - and by rail the London to Euro Disney time is 9 1/2 (12 hours from Manchester).

Which hotel option to take depends on cost. Disney's on-site properties will be convenient and part of the resort's appeal but they will also be expensive. Rooms at the luxury Disneyland Hotel (based at the entrance to the theme park) will cost £123 a night during the low season and £217 during more popular times.

Prices at the Newport Bay Club and Sequoia Lodge hotels range

from £53 to £122, while those at the Hotels Cheyenne (already popular with those Britons who have reserved rooms) and Santa Fe (probably the ugliest hotel in the country) are priced from £61 to £88 a night.

What makes such prices more acceptable is that Disney has imported the US system of paying for the room rather than number of occupants: thus all rooms can accommodate two adults and two children for the same price.

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